FINANCIAL TIMES
PUBLISHED IN LONDON AND FRANKFURT
No. 28,171 Tuesday May 20 1980 ***20p
CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 5.00; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 5.00; PORTUGAL Esc 35; SPAIN Pta 70; SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 20p; MALTA 20c

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NEWS SUMMARY

GENERAL

Doctors given 31.4% pay rise

Britain's 34,000 doctors and dentists are to receive a 31.4 per cent pay rise.

GPs' salaries will rise by £4,000 to more than £16,000 a year, hospital consultants on the top scale will earn nearly £20,00, and dentists' pay will go up to £14,674.

The award can be expected to fuel the controversy over public sector pay and comparability exercises. Back page; editorial comment Page 18

French unable to agree

France and the Soviet Union remain "far apart" over the Afghanistan crisis after talks between the nations' leaders in Warsaw, the first time President Brezhnev has met a Western leader since the Soviet invasion. Back Page

Austria and Sweden are to ignore the call for a boycott of the Olympic Games in Moscow. Italy will not send an official team, but its athletes will be able to compete as individuals.

Schmidt accused

Chancellor Helmut Schmidt was accused by West Germany's Opposition Christian Democrats of pursuing dangerous anti-U.S. policies and trying to establish a special role for Bonn outside the Western Alliance. Page 3

Volcano death toll

Seven motorists and the pilot of a light aircraft were among those killed when the volcanic Mount St Helens erupted in Washington State. Page 4

Terrorists held

Four Red Brigades terrorists who shot dead a Christian Democrat politician in Naples were arrested by police after a gun battle.

Premier hurt

Portuguese Premier Francisco Sa Carneiro abandoned a tour of Europe after injuring his back in a car crash shortly after arriving in London. He was visited in hospital by Margaret Thatcher and later returned to Lisbon.

Heathrow alert

A Braniff Airways Boeing 747 carrying 300 passengers from Brussels to Dallas made an emergency landing at Heathrow Airport after two of its four engines, one on each wing, developed faults.

Housing probe

Councillors in the London Borough of Lambeth could be liable to a surcharge if allegations of reckless extravagance in the administration of the authority's housing revenue account are accepted by the district auditor.

Threat to fares

Bus fares are expected to rise as a result of Government plans to increase licensing fees for public service vehicles by more than 40 per cent next month. Page 6

Briefly . . .

Liverpool footballers Ray Kennedy and Jimmy Case were each fined £150 for assaulting a Llangollen hotelier and his son.

Iranian electronics technician was remanded in custody charged with conspiracy to cause explosions in London.

Two Polish climbers have reached the summit of Mount Everest using the South Pillar route for the first time.

PUBLISHER'S NOTICE

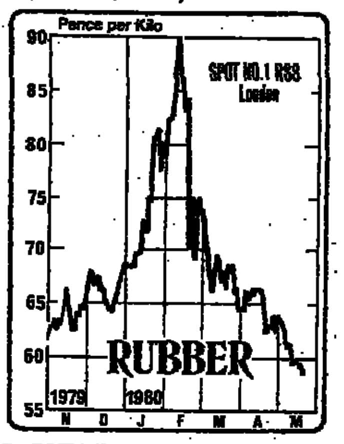
The Financial Times apologises for erros contained in this issue which are due to difficulties in the reading department.

BUSINESS

£ and $ steady; rubber falls

● DOLLAR rose to DM 1.8015 (DM 1.7940) in thin trading. Its trade-weighted index was unchanged at 85.5. STERLING closed 5 points off at $2.2835, but its index improved 0.1 to 73.2. Page 29

● GOLD lost $2 in London to finish at $514.5. Page 29



● RUBBER: the London spot price dropped 50p to 58.5p a kilo. Page 31

● EQUITIES closed above their worst, and the FT 30-Share index, off 3.7 at 3 pm, finished 1.9 down at 433.8. Page 32

● GILTS losses were reduced on news of U.S. prime-rate falls and the Government Securities index fell 0.15 at 67.61. Page 32

● WALL STREET was up 5.80 at 832.68 near the close. Page 30

● MORGAN GUARANTY lowered its prime lending rate by half a point to 16 per cent. Back Page

● CITIBANK of New York will today launch its attack on UK retail banking with a savings and loans service not available from the big British clearing banks. Back Page

● RETAIL PRICE inflation will still be running at more than 18 per cent at the end of the year, well above the Government's forecast of 16.5 per cent, according to the Henley Centre for Forecasting. Page 8

● INTERNATIONAL Harvester is carrying out a "major reappraisal" of its UK manufacturing programme which will cut the working weeks of employees at its Doncaster and Bradford plants.

● INSPECTORS investigating a company's affairs will be asked to complete their report within a year, Secretary for Trade John Nott announced. Page 6

LABOUR

● TWO UNION moderates said there would be no co-operation with the present Government, and the TUC adjudged last week's day of protest a much bigger success than reported. Back and Page 11

● POST OFFICE warned that it would cut staff and introduce new working practices to improve efficiency unless the Union of Post Office Workers agreed to local productivity deals. Page 11

COMPANIES

● LAND SECURITIES Investment Trust, the property development and investment company, lifted pre-tax profits for the year by £11.76m to £38.12m. Page 22 and Lex, Back Page

● READICUT International, the rug kits and textile products group, reports pre-tax profits for the year down £4.68m to £4.63m despite turnover 6.7 per cent ahead at £92.77m. Page 22

● TWO U.S. RETAIL groups announced big falls in first quarter net earnings. Sears Roebuck was down $91m to $59m (£25.8m), and J. C. Penney finished $21m lower at $14m (£6.1m). Sears results, Page 26

Iran sanctions not to be backdated after MPs rebel

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER last night vetoed a Government plan to introduce retrospective economic sanctions against Iran following a threatened Conservative rebellion.

Government Orders, introducing sanctions, are expected to be tabled in Parliament by Thursday, but will relate only to contracts taken out by British companies in future.

The other eight members of the EEC have been informed of the Government decision, which is likely to put the UK out of step with its Common Market partners. Backdating of the sanctions Orders was agreed at the meeting of Foreign Ministers in Naples at the weekend, to maintain a concerted front.

Sir Ian Gilmour, deputy Foreign Secretary, had told the Commons yesterday that the legislation would affect all contracts for export of goods to Iran entered into after November 4, when the U.S. Embassy in Tehran was seized.

There was immediate uproar from both Conservative and Labour MPs, who protested that Ministers had given the impression in debates last week that there would be no backdating to make contracts already signed invalid.

After reports to Mrs. Thatcher from Mr. Michael Jopling, Government Chief Whip, on the seething resentment among Tory backbenchers, the Prime Minister called a meeting of senior Cabinet colleagues at Downing Street where the decision was taken to change tactics.

Full details of the Government's proposals will be disclosed to the Commons today in an emergency debate granted by Mr. George Thomas, the Speaker; but it is apparent that Ministers have been forced by backbench pressure to climb down.

In the Commons, when it was announced that sanctions would be retrospective, Labour MPs protested angrily that the Government was cheating, and had misled the House. Their claims were echoed by many Tory backbenchers, who were worried about the adverse impact on British companies trading with Iran.

It was under pressure from both sides of the House that the Speaker granted the emergency debate today.

Sir Ian Gilmour was clearly unhappy about the need to impose sanctions, but insisted that their retrospective application had never been ruled out.

What was important, he argued, was to do everything to help the U.S. secure release of the hostages, and keep in step with Britain's Common Market partners.

But despite his insistence that retrospective legislation had always been probable, it is understood that the Prime Minister opposed backdating when the issue was debated by a Cabinet committee before the enabling Bill was introduced.

Then came the decision in Naples of Common Market Foreign Ministers, which it was initially felt the Government had to follow.

The Department of Trade was unable to say last night how many contracts had been signed by UK companies with Iran since November, but the assumption was that the number was small. What creates the political heat, however, is the principle of retrospective legislation.

Trade with Iran is at present about £30m a month, and is increasing. Before the overthrow of the Shah it was £750m a year.

One of the Orders to be introduced by Thursday will be under the Iran (Temporary Powers) Act, approved last week, which imposes sanctions only on new contracts.

A second Order was up to have been under the Import, Export and Customs (Defence) Act 1939, which would have permitted the retrospective ban.

Libya, Algeria raise oil price

BY RICHARD JOHNS, MIDDLE EAST EDITOR

LIBYA AND Algeria have raised their oil prices by $2 and $1 per barrel respectively, threatening to set off another general price rise by the other members of the Organisation of Petroleum Exporting Countries.

The latest move by Libya and Algeria, the leading militants within OPEC, followed last week's announcement by Saudi Arabia of a $2 increase in the price of its light crude to $28. This compares with new rates of $36.72 for Libya's top quality oil and $38.21 (including a $3 "exploration premium") for Algeria's two premium grades.

If Nigeria comes into line with Algeria and Libya, as it probably will, then the British National Oil Corporation could be expected to follow suit as it did in February and April, raising the price of Forties crude which is currently $34.25 per barrel.

In terms of gravity, lack of sulphur and proximity to Western markets, the crude oil of the two North African producers is superior to Arabian Light. But yesterday industry observers felt that the two countries might have overpriced their oil.

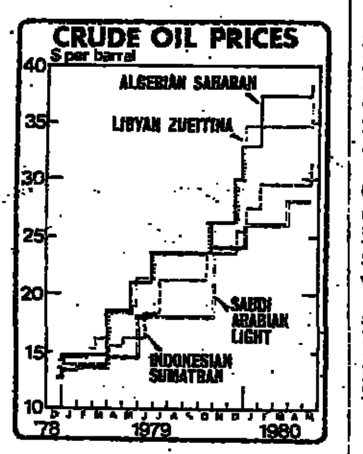
Their decision seems to have been motivated partly by a wish to support Iranian demands for equally high prices. It appears to reduce the chances of a moderate compromise on a rational pricing structure at next month's OPEC conference in Algiers, which could give a general push to world inflationary pressures.

The price increase is also in line with the opposition of Libya, Algeria and Iran to proposals for future prices increases to be based on a predetermined formula that were made earlier this month by OPECs ministerial committee on long-term strategy.

Attention will now be focused on Nigeria and Kuwait. Nigeria normally follows Libya and Algeria.

On the principle of the "most favoured seller," Kuwait always watches Iran and is recently understood to have been trying to obtain premiums of up to $8 per barrel on the $27.50 basic price of its crude.

Customers were informed on Sunday of the new Libyan and Algerian rates. Libya's is backdated to May 15 and Algeria's to May 16.



News Int'l shares suspended

BY REG VAUGHAN

DEALINGS IN shares of News International, the publishing group headed by Mr. Rupert Murdoch which includes the Sun and News of the World newspapers among its titles, were suspended on the London Stock Exchange yesterday.

No reason was given for the move, which was said to be "pending a further announcement." This is expected today. At the suspension price of 163p (a fall of 5p) News International's capital is valued at £65m.

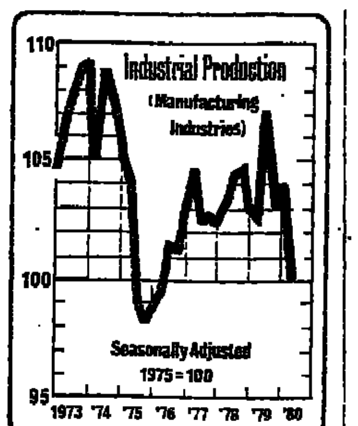
Within the City, it was believed that the suspension could herald a bid from News Ltd., Mr. Murdoch's Australian newspaper group, which already has a 49.9 per cent stake in News International. The remaining 50.1 per cent is spread around numerous private shareholders.

News Ltd. publishes the Australian, the Sydney Daily Mirror and the Adelaide News. It also owns television stations and an airline, and has substantial property interests.

Pre-tax profits of News International reported last month showed an increase from £24.9m to £27.9m for 1979. This was achieved despite industrial stoppages which cost 36m copies of the group's newspapers during the year.

The profit rise was also achieved after a reverse from a profit of £1.87m to a loss of £361,000 in the group's share of profits of associates. This reflected the absorption of initial losses of newly acquired projects in the U.S. and a smaller share of the profits of LWT (Holdings) — the London Weekend Television franchise holder—after the sale of part of the group's stake in 1978.

News International sold the remaining 25.18 per cent "A" non-voting holding in LWT last March at a profit of £3.85m over book value. The company said at the time that the sale did not reflect any lack of confidence in LWT's ability to obtain the renewal of its franchise. News International retained its 11.7 per cent of the ordinary voting capital.



Output begins to fall

BY DAVID MARSH

TENTATIVE EVIDENCE of the start of the long-awaited recession has been provided by the latest official figures on industrial production. The underlying level of output dropped in the first quarter this year after remaining broadly unchanged for the previous two years. Manufacturing production fell to its lowest for more than four years.

The statistics were affected by the dispute in the engineering industry last autumn, and by the strike at British Steel in the first three months this year.

But Government statisticians say that, making allowances for these stoppages, there appears to have been an underlying fall in production in the non-energy sectors in the first quarter of between 0.5 and 1 per cent, compared with the generally flat levels of last year.

It is too early to say whether this fall is likely to continue. The coming months may see some "catching-up" of lost production in industries affected by the steel strike.

Economic forecasters expect a further decline in output this year, especially in manufacturing industry, in line with the Government's projection of a 2.5 per cent drop in gross domestic product.

Provisional figures from the Central Statistical Office yesterday show that industrial output in March dropped 1.2 per cent, seasonally adjusted, compared with February.

This took the all-industries index of output to 108.9 (1975=100). The average level of production in the first quarter fell 2.2 per cent compared with

Continued on Back Page

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£ in New York

—	May 16	Previous
spot	$2.2830-2860	$2.2870-2900
1 month	1.24-1.16 dis	1.45-1.35 dis
3 months	3.40-3.38 dis	3.60-3.50 dis
12 months	7.25-7.05 dis	7.40-7.20 dis

Lex, Back Page

Jurek Martin looks at the resentments which had been building up before the weekend riots.

Tensions still high in Miami

THE discontent which erupted in Miami at the weekend into the worst outbreak of racial violence since the 1960s had been simmering for at least a year, but, as is so often the case, it went generally unnoticed.

The authorities were trying yesterday to restore peace to shattered Miami. The city was quieter but two days and nights of rioting have left 19 known dead, more than 200 injured and more than 400 arrested. Property damage is incalculable.

More than 3,500 troopers and armed National Guardsmen were braced nervously for the onset of evening and hoping that the dusk-to-dawn curfew in the city's black neighbourhood would be observed.

Prominent American black leaders, including Mr. Andrew Young, the former United Nations Ambassador, and the Rev. Jesse Jackson from Chicago, were in the city in an attempt to cool inflamed passions.

City schools were closed and public transport in the black areas suspended.

All the fires that had burned overnight had been extinguished by mid-morning.

The White House said President Carter had sent Mr. Benjamin Civiletti, the Attorney General, to Miami for a first-hand report.

The weekend's rioting had more than borne out the doleful prediction of a local judge earlier this year, who observed that a "racial time bomb was ticking away in the city, ready to explode at any minute."

The moment came on Saturday when, in nearby Tampa, an all-white jury acquitted four white Miami policemen charged with beating to death a black insurance salesmen, Mr. Arthur McDuffie.

Many Miami blacks saw this as the last straw in a series of incidents, although Mr. Civiletti will examine the possibility of Federal indictments against the four policemen.

The litany is long. It includes the case of Nathaniel Lafleur, a black school teacher, mistakenly arrested and, he charged, assaulted by the police on suspicion of being a cocaine dealer. That was in February last year.

In October, a black youth was shot and killed by an off-duty white police officer after the youth had been arrested on suspicion of burglary.

About the same time, a white highway patrolman was accused of sexually molesting an 11-year-old black girl. In all three cases, no action was taken against the officers involved.

But the most celebrated case concerned the conviction of the black schools superintendent of Miami, Dr. Johnny Jones, on charges of having used school Board funds for luxurious "plumbing fixtures" for his own personal use, plus the ensuing resignations of several other prominent black civic officials.

How can you urge people to be rational when they have been treated in an irrational manner?

Mr. Jones possessed a national reputation as an educator. He was also a member of the Miami civic establishment, a trustee of Miami University, on the Board of the local opera association—and any number of other civic activities—a man who moved easily within, and enjoyed the respect of, the city's white elite.

The Miami Times, a local newspaper widely circulated in the black community, seems to have been, in retrospect, pretty close to the mark in assessing its readers' view of the indictments against Mr. Jones when it wrote: "Once more we see the presses grind and the cameras roll as the media pushes another black male leader to the wall. Dr. Johnny Jones is, in the final analysis, a victim of his own blackness."

Dr. Jones was not the only senior black official to be faced with criminal charges. Mr. Neal Adams, a member of the County Commission, was accussed last November of having illegally operated a

Continued on Back Page

HOLIDAYMAKERS 'SAFE'

Intasun, by far the largest UK package tour operator to Miami Beach, said yesterday that it had between 4,500 and 5,000 British holidaymakers there. The company has bookings for about 100,000 people this year so far and reported no cancellations. Holidaymakers in Miami Beach—about 10 to 15 miles from Miami and seperated from the trouble by a causeway—had been advised not to go into Miami but the beach area itself is regarded as safe.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			FALLS:		
Aberdeen Const'tion.	107	+ 5	Assoc. Newspapers...	286	− 7
ANZ	220	+ 5	Booth (Intl.)	30	− 3
British Sugar	206	+ 4	Bowater	163	− 4
Dobson Park	107	+ 5	Cawoods	182	− 8
Fenner (J. H.)	130	+ 4	Farnell Electronics	276	− 6
Land Securities	342	+ 12	Fodens	42	− 3
Laurence Scott	62	+ 16	Heath (C. E.)	202	− 5
Polly Peck	42	+ 6	Homfray	12	− 3
Sothebys	483	+ 6	Intl. Thomson	400	− 13
Steel Brothers	175	+ 25	Man. Agency, Music	133	− 10
Conzinc Riotinto	263	+ 7	Oil and Associated...	82	− 6
Leichardt Expln.	220	+ 5	Readicut Intl.	19	− 5½
Rustenburg Plat.	219	+ 7	BP	328	− 10
Southvaal	962	+ 63	Candecca Resources	143	− 17
Ventersport	623	+ 31	Carless Capel	133	− 13
			LASMO	600	− 26
			Cent. Pacific Mins...	£23	− 1

CONTENTS

For latest Share Index 'phone 01-246 8026

German oil production to start in Baltic Sea

By Kevin Done in Frankfurt

WEST GERMANY is to make a modest start on offshore oil production with the development of a small field in the Baltic Sea to the north of Kiel.

The republic has had little success in exploring offshore, either in the North Sea or the Baltic Sea, but Deutsche Texaco and Wintershall, a subsidiary of BASF, the chemicals group, has decided to go ahead with the development.

The field is small by North Sea standards and is thought to have recoverable reserves of 25m-30m barrels, similar to the Argyll Field. Development work is expected to begin next year

The field could have an output of around 400,000 tonnes a year (8,050 barrels a day).

The Republic cut oil consumption sharply in the first three months of this year, down 7.7 per cent to some 31.1m tonnes of oil products.

West German crude oil and oil product imports have shown a slight rise in the first quarter, however, which has led to West Germany building up its oil stocks to a higher level than for many months. At the end of March they were standing at some 39.3m tonnes, a rise of 20 per cent over the same period 12 months ago.

Allies mute their anger at France

BY ANTHONY ROBINSON

WESTERN leaders' reactions to yesterday's Brezhnev-Giscard meeting in Warsaw mixed barely disguised pique at Gallic disregard for Western solidarity and the elementary rules of prior consultation, with formal praise for what the West Germans described as "a positive step in the right direction."

Herr Klaus Boelling, the West German Government spokesman, said: "We support this contribution to the restoration of a dialogue between East and West." He added that the Franco-Soviet summit, taken together with the series of informal contacts made during President Tito's funeral and the Gromyko-Muskie talks in Vienna last week, had apparently ended what he described as the "period of speechlessness" that followed the Soviet invasion of Afghanistan.

Bonn's public praise did not, however, detract from anger at the lack of consultation, which was echoed in Whitehall and elsewhere. The first confirmation of the meeting came late on Saturday night when M. Jean Francois-Poncet, the French Foreign Minister, mentioned it, virtually as an aside, to his fellow EEC Foreign Ministers in Naples.

Lord Carrington, the British Foreign Secretary, confirmed in the House of Lords that Britain had not been consulted and that Mrs. Thatcher first learnt of the meeting on her return from Chequers on Sunday evening in a short message from the French President.

The French failure to inform its allies in advance was not due to any last minute decision to hold the meeting. In Warsaw officials said negotiations had been taking place for some time and were finalised eight days ago.

It took a lengthy telephone conversation on Sunday morning between Chancellor Helmut Schmidt and President Giscard to dissipate some of the wrath felt by the West Germans at this apparent breach in etiquette. It was still not enough, however, to satisfy the West Germans, who unofficially contrasted the blithe French willingness to meet President own careful preparations to go to Moscow.

The West Germans have delayed their own decision and are seeking formal endorsement of such a meeting from their allies at the forthcoming Western economic summit in Venice next month.

The likelihood of such a German-Soviet meeting before the Moscow Olympics now seems rather remote, in view of the West German Olympic Committee's 59-40 vote against participation.

Here again the German position contrasts with the French, whose own Olympic Committee voted 22-0 in favour of participation last week.

Polish party leader Edward Gierek welcomes President Brezhnev.

Terror attacks overshadow Italian election campaign

BY RUPERT CORNWELL IN ROME

THE DRAB campaign for Italy's important regional elections early next month has been overshadowed in the past few days by terrorism in the country's centre and south.

Four terrorists, claiming to belong to the Red Brigades, yesterday shot dead Sig. Pino Amato, Christian Democrat economic counsellor in the Campania region, in central Naples. The gunmen were captured soon afterwards, after a shoot-out with police.

The outrage, coupled with the Red Brigades' weekend wounding of a Christian Democrat party worker in Rome, is proof of a kind that recent police successes against the subversive group are mainly confined to the traditional terrorist battlegrounds of northern Italy, notably Milan and Turin.

The renewed violence is likely to become a fresh ingredient in an election campaign which has already aroused questions and suspicions over the precise role of the secret services in combating terrorism.

Largely as a result of proven links with far-right terrorists 10 years ago, the services were reorganised.

But new doubts surfaced with last week's arrest of the deputy head of SISDE, the domestic counter-intelligence service, for passing to a journalist the top secret transcript of a confession by Sig. Patrizio Peci, head of the Red Brigades in Turin.

This happened after it became known that police had issued a warrant for the son of Christian Democrat leader Sig Carlo Donat Cattin. The son is a suspected member of the Prima Linea (front line) terrorist group, believed to be linked to the Red Brigades.

The developments have obscured the purely political importance of the regional elections, in which almost 43m people can vote, thus rendering them, in effect, a second round of last June's inconclusive general election.

In political terms, the most important question to be answered is whether the decline of the Communist Party—which dropped 4 per cent in 1979—is still continuing. This would open the way for the Christian Democrats to regain power in large cities like Turin, Naples and Rome, where it lost control at the last regional elections in 1975.

Rome asks athletes to miss games

By Our Rome Correspondent

THE ITALIAN Government yesterday joined the growing band of countries who have decided against taking part in this summer's Moscow Olympic Games.

The decision, which was hardly in doubt after West Germany's Olympic Committee agreed last week to follow its Government's recommendation to stay away, was taken at a cabinet meeting in Rome.

Sig. Emilio Colombo, Foreign Minister, said afterwards that only a "normalisation" of the situation in Afghanistan would persuade the Government to review its decision.

But it remains to be seen whether the Italian Olympic Committee (CONI) will fall in with the Government's position.

If CONI resists official pressures, Italy would find itself in the same position as Britain, many of whose athletes plan to go to Moscow.

The Olympic issue has deeply split Italian politicians. The Christian Democrats and smaller centrist parties firmly favour a boycott, while the Communists and most of the Left have urged the Government not to follow blindly the instructions of Washington, and to endorse an official Italian team.

As usual in Italian Left-Right disputes, the demarcation line passes through the middle of the Socialist party.

● Austrians can compete in the Moscow Olympics, the country's Olympic Committee decided yesterday. The government had repeatedly said it had no intention of interfering in the athletes' affairs.

OECD backs Turkish policies

By David White in Paris

THE ORGANISATION for Economic Cooperation and Development (OECD) has given the Turkish Government a confident vote of support for the new economic policies brought in at the beginning of this year, which it says represent a "courageous attack" on the country's problems. But in its annual report on Turkey, published today, it warns that things may get worse before they get better.

The OECD, whose main members pledged last month to give Turkey a further $1.[illegible]bn in aid this year, says that the first impact of the new measures will be to increases inflation and probably unemployment. But prices should slow later as shortages disappear and exports should expand, leading to a revival of economic growth.

The report foresees a current account deficit almost three times last year's at $[illegible] in 1980. This is based on an assumption that oil prices will not rise in real terms but that Turkey will need to import more. The figure includes $1.55bn interest on foreign debt and gross repayments of $1.1bn.

The Government's programme, based on greater reliance on market forces, less State intervention, more foreign investment and foreign competition, will not work without continued international support, the OECD says.

More aid will be needed over the next few years to help with the serious imbalance that has built up in Turkey's payments. But growing exports, an inflow of investments and greater stability should enable Turkey to finance its deficit on a commercial basis after that.

Cutting inflation may be the Government's hardest task the report warns, after the 80 per cent year-on-year rate reached at the end of 1979—the highest among the OECD's 24 member countries. But unless the Government succeeds in doing so, it will have difficulty in restoring either the balance of payments or sustainable growth.

The report favours the introduction of a wage policy once prices have slowed down, but doubts if this would be as effective a weapon as general demand management.

AP adds from Washington: Turkey's efforts to develop hydropower in the Euphrates Basin river project will be assisted by a loan of $120m from the World Bank. Italy will provide a further [illegible], the European Investment Bank has agreed in principle to provide $110m and Abu Dhabi is to provide $26m, the bank said.

Ups and downs of office, Page 3

France to offer 13.25% interest on State bond

BY TERRY DODSWORTH IN PARIS

THE FRENCH Treasury is to offer an interest rate of 13.25 per cent on the next yong-term State bond which it has decided to issue early next month. The rate on the FFr 8bn (£836m) loan, which will have a term of 10 years, reflects the steady hardening of conditions in the French money markets since the last bond was floated in January at 12 per cent.

During the past three months, the cost of money has drifted steadily upwards in France, responding to the influence of the U.S. market, with day to day rates standing at 12.75 per cent and bank base rates at 13 per cent.

Bankers are not expecting any great problems in placing the new issue although the Government is going to the market for a larger sum than it has been accustmed to raise in one slice recently. The rate is reckoned to be sufficient to attract purchasers who are looking for the additional security of a Government-backed bond at a time of increasing doubts about the economy in general.

At the same time, bankers are expecting a considerable amount of interest from the oil-producing Gulf States. Funds from this part of the world were a big factor behind the success of the last issue, which was raised from an initial target of FFr 8bn to FFr 12bn because of the rapid inflow of finance.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Schmidt accused of campaign against U.S.

BY ROGER BOYES IN BERLIN

WEST GERMANY'S Chancellor, Herr Schmidt, was accused by Opposition Christian Democrats yesterday of pursuing dangerously anti-American policies and trying to carve a special role for Bonn outside the Western Alliance.

The accusation was made in a blistering speech by Dr. Helmut Kohl, CDU party chairman, at the start of the party's annual conference.

It marks a new, sharper tone in the run-up to the German general elections in October. Dr. Kohl said that the Chancellor "speaks of peace but sows hate."

Dr. Kohl's aggressive tone follows CDU defeats in the North Rhine Westphalian and other state elections over the past year.

These were blamed by Dr. Kohl and the party leadership yesterday on difficulties in mobilising CDU voters. The sharper campaigning is intended to sway these CDU sympathisers and persuade them to vote this autumn.

But substantial sections of the party still feel that recent election losses have been largely due to antipathy to Herr Franz Josef Strauss, Bavarian Premier and official Opposition challenger for the Chancellry.

This has caused speculation that Herr Strauss may be ousted by the party before the October elections.

Dr. Kohl, however, stressed that the party was sticking ot Herr Strauss, and even linked his name to Dr. Konrad Adenauer, the first West German Chancellor much revered by the Christian Democrats.

Dr. Kohl said the Chancellor was being driven by Left-wing forces within the Social Democratic Party (SPD). They were increasingly pressing for the de-coupling of Germany from the Western Alliance.

The Christian Democratic chairman also accused Herr Schmidt of trying to soften the NATO decision on producing and deploying a new generation of theatre nuclear weapons in Europe.

The decision was announced simultaneously with an offer of arms controls talks with Moscow. But, according to Dr. Kohl, the Chancellor seemed to be giving priority to the talks rather than to deployment of the weaponry.

CDU criticism of Bonn's policy towards America was fuelled by a violent demonstration in West Berlin at the weekend, when scores of demonstrators occupied an American cultural centre and burned the American flag.

This gave Dr. Kohl the opportunity of stressing that the SPD seemed to be losing control of internal law and order. He also cited the riots in Bremen two weeks ago, in which over 250 policemen were injured.

French business still optimistic

By David White in Paris

FRENCH BUSINESS leaders are relatively optimistic about their short-term prospects, at a time when consumers are beginning to feel the pinch and the rise in unemployment is likely to continue.

These apparently paradoxical conclusions can be drawn from two reports, published by the Government's statistics body INSEE and by the Patronat employers' federation. INSEE's forecast of deteriorating unemployment was backed up by the latest jobless statistics, which show a 1.7 per cent rise in the seasonally adjusted figure for April — the seventh successive monthly increase—to a record 1,438,900.

The two reports differ on the outlook for industrial production, which INSEE sees falling off slightly during the year but which the Patronat believes, despite som epoor April results, will be sustained at least until the summer holidays.

But despite its less positive forecasts, INSEE says companies are reaping the benefits of reorganisation measures in better productivity and profits and are envisaging important new investments in a number of sectors.

This new investment cycle, which started in mid-1979, is expected to be the main motor of economic growth this year. The outlook for the capital goods industry has improved considerably.

But a drop in export orders is likely to hit the output of intermediary goods, the report says, and household purchases except cars have suffered a sharp setback. French families, having bought early to beat inflation, are now expected to start rebuilding their savings.

INSCE sees the slowdown in activity leading to a drop in imports towards the end of the year. This should be the beginning of a gradual recovery in the country's balance of payments, which is expected to show a deficit of FFr 15bn (£1.6bn) in the first nine months of this year.

Export growth is likely to be more moderate than last year, with a drop in demand from industrialised countries and stagnating consumer goods sales, partly compensated for by big capital goods contracts.

Retail pirices, according to INSEE, are expected to increase by 7 per cent in the first half and by 5 or 6 per cent in the second half.

Spain relaxes laws on foreign publishing

BY OUR MADRID CORRESPONDENT

LEGISLATION will shortly go before the Spanish Congress to liberalise the present prohobitions on foreign investment in publishing enterprises. The legislation, which was given the go-ahead at a Cabinet meeting last Friday, brings the publishing sector in line with the general law governing foreign investment in Spain and cancels out the restrictions included in a 1966 Press law.

Officials said, bowever, that the legislation would not include newspapers and magazines, which would remain subject to the Press law barring foreign capital participation. Restrictions would be lifted, however, on investment in serialised books and encyclopedias sold in parts as magazines

Foreign publishing groups, to gain a foothold in the Spanish magazine market, are forced by the Press law to lease licences or to use local companies as fronts.

The new legislation will allow foreign investment in book publishing freely up to 50 per cent, but will require Government authorisation for foreign majority shareholdings. The only exception under the 1966 Press law to the general prohibition of foreign capital in book publishing was Hispanic investment, where up to 25 per cent capital was allowed from Latin American countries and from the Philippines and Portugal.

DEMIREL RESHUFFLES HIS BUREAUCRACY

Ups and downs of office

BY METIN MUNIR IN ANKARA

THE SHOESHINE boy at the Office of the Prime Minister was stoical about being sacked. "This is natural," he said. "Each Administration works with pepole it can get along with."

Incoming Turkish Government have for decades removed from position of authority civil servants whose loyalty or political allegiance they found suspect. In civil service parlance the practice is known as "drydocking"—*kizaga almak*.

Senior officials — governors, under-secretaries, managers of state companies and the like—are the principal victims. But since the polarisation of Turkish politcial life in the mid-1970s, more and more junior officials are being rewarded or punished for their political loyalties.

It is, by law, virtually impossible to sack a senior official. The drydocked civil servant normally becomes an adviser, although he si given nothing to advise on, and any advice he was rash enough to give would almost certainly be brushed aside.

He continues to draw his pay, like his more active colleagues. But, if he shows up at the office only to collect his post and pay cheque, that is alright with his bosses. In any case, his office would probably just be a *kizak* (drydock)—a drab, rented flat, furnished with old desks and chairs and threadbare carpets, set aside for fallen officials. There would be nothing to do except read the newspaper, gossip, plot, lick his wounds. He will pass the time as best as he can, hoping for a quick change of government which would put him into an active job and his bosses into the *kizak*.

Turkey now has 187 governors for its 67 provinces, 120 of whom sit around in Ankara drinking tea and waiting for new governments to shuffle them around, as Mr. Suleyman Demirel, the Prime Minister, did when he took power four months ago, recalling 49 of the existing governors and moving the rest. He has also moved 30,000 teachers. A typical case was of a teacher who was moved to Izmir, in the west, while her husband, a police officer, was moved 1,000 miles away to the eastern province of Kakkari.

Statistically, in Mr. Demirel's 27 months in office until June, 1977, he made 4,300 appointments among the first four grades of the civil service. Mr.

Mr. Ismail Hakki Aydinoglu: determined to fight

Bulent Ecevit, the former Prime Minister, in the year to January, 1979 made 3,700 appointments. These figures exclude professors, prosecutors and military and civilian judges.

One of the very few top civil servants to escape the axe is Mr. Ismail Hakki Aydinoglu, governor of the Central Bank. This is not because Mr. Demirel wants to keep Mr. Aydinoglu, but because the law governing the Central Bank makes it difficult to sack governors. They have a five-year contract, which can be cancelled only in the event of serious illness or misdemeanour. Neither, apparently, applies in Mr. Aydinoglu's case. He also has a good record as governor.

None the less, Mr. Demirel appears determined to sack him. Mr. Demirel is believed to have two reasons. First, the governor is an Ecevit appointee, which makes his loyalty to the present Government automatically suspect for Mr. Demirel. Second, Mr. Demirel wants a governor whom he can control completely. He needs a man who will channel Central Bank credits to private banks in the direction the Government indicates, without asking questions.

Money, always a tight commodity, has become tighter, with limits imposed on state finances by the International Monetary Fund, with which Turkey has a stand-by arrangement. Central Bank credits could consequently be crucial for the commercial success of private banks, as well as for the private sector in general.

Not wishing to create an incident which could have repercussions abroad at a time of critical relations with foreign governments, the fund, and banks, the Government first tried to ease Mr. Aydinoglu out amicably.

He was offered an ambassadorial post if he were to resign. He declined. The Government then went to court twice, first to obtain a cancellation of the Government's contract, and then to replace the bank's governing body with pro-Government members. Both defeated. The Government is now trying to dominate the four-man board of bank auditors and get it to prepare a report which could damn Mr. Aydinoglu.

It is the second time since 1978 that the central bank has become the centre of controversy. Mr. Ecevit fired Mr. Cafer Tayyar Sadiklar in 1978, before his contract expired. This damaged the central bank, until then a serene institution outside politics, and created a precedent Mr. Demirel is trying to exploit.

The present controversy comes at a critical financial time. Turkey is negotiating a new stand-by arrangement with the fund, and will soon begin a campaign to restructure its debts to Western states. Good relations between the central bank and the Government are critical for the success of the comprehensive stabilisation package Mr. Demirel unveiled last January.

The controversy has disrupted the Central Bank's relations with the Government. Last month the Finance Ministry, which controls most of the bank's shares, refused to clear its accounts at the annual general assembly. The matter was postponed for a month, apparently to give the Government time to fire Mr. Aydinoglu.

He appears determined to fight to the bitter end to protect what he describes as the Central Bank's "semi-autonomy." But he is unlikely to succeed in staying in office until his contract expires in 1983.

A new tradition appears to have emerged, whereby each Government will work with its own choice as Central Bank governor. This is rather an unfortunate occurrence, many bankers believe, in a country whose Governments have had had averaeg life spans of less than a year in the past decade.

Why the South Korean Army took control

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

SIX MONTHS after the assassination of the authoritarian President Park Chunhee, South Korean once again came under tight military control last Saturday. The Armed Forces, acting through the Martial Law Command established after President Park's death, banned political activity throughout the country. They also arrested several dozen leading politicians and academics, including two prospective candidates for the presidential elections, due early next year.

The Army moved after two days of demonstrations when tens of thousands of students took to the streets demanding a speeded-up timetable for "democratisation." Why did the Army act to drastically to deal with what was, basically, a fairly manageable problem?

The official explanation is that the student demonstrations threatened South Korea's security. Gen. Chun Doo-hwan, the head of Military Security (and of the civilian Central Intelligence Agency), unquestionably the most powerful man in Korea, believes the political ferment provided North Korea with a tailor-made opportunity to intervene in the South's affairs.

He also seems to have had an interest in using the demonstrations to settle personal scores. Those arrested over the weekend included some right-wing politicians—such as Mr. Kim Jong-pil, the leader of the pro-government Democratic Republican Party — who happen to have been on not very good terms with Gen. Chun and his fellow officers.

A martial Law Command decree banning criticism of present and past government leaders also indicates that Gen. Chun may be interested in using the crisis to suppress the present denigration campaign against the late President Park. Gen. Chun was President Park's godson, and is known to have been outraged by the wave of anti-Park sentiment after the assassination.

Those who believe Gen. Chun may be more interested in protecting President Park's memory than in any security threat from North Korea point out that the chances of a conventional military attack by the North are very slight, given the deterrent effect of the U.S. military presence in Korea. However, there have been reports of stepped-up infiltration by northern "agents" during the past few days. What may be even more serious is the impact of South Korean political disorder in North Korean leaders' attitudes.

President Choi Kyu-hah: Reform according to schedule

Until late last year there were signs that the Pyongyang leadership was beginning to feel that time might be on South Korea's side in the struggle for reunification.

Now the North can claim to detect "contradictions" in South Korean society of a kind which Communist theoreticians have always believed would emerge. This is likely to make the North adopt a tougher line in North-South negotiations.

The Army crackdown has deferred hopes of early "democratisation," but they are not quite dead — if one is to believe Mr. Choi Kyu-hah, South Korea's caretaker civilian president. On the morning after the armed forces moved, he said constitutional reform would be carried out according to schedule. This should lead to a new constitution providing for direct presidential elections being introduced by the end of this year, with the elections early in 1981.

The catch could be that most leading presidential candidates will be under lock and key when the vote is held. Two of the three men regarded until last week as front runners for the presidency were arrested on Saturday. The third, Mr. Kim Young-Sam, President of the opposition New Democratic Party, is hardly likely to have improved his image with the electorate by being the only one the generals spared.

If democracy is really not going to materialise for the time being, it becomes important to ask just how ready South Koreans are to put up with another spell of authoritarianism. The short answer is that Korea is a young nation with an increasingly articulate and literate population and, as such, is unlikely to stay patient long.

Sooner or later, the demand for full democratic freedoms is likely to become irresistible, no matter how hard the Army tries to keep control: but progress towards democracy may well not be in a straight line. Mr. Saburo Okita, Japan's Foreign Minister, probably summed it up correctly when he told the Japanese Diet (Parliament) last week (on the day before the military crackdown) that Korea would pursue a "zig-zag" path towards democracy.

China and Russia struggle for power in South Pacific

BY PHILIP BOWRING IN HONG KONG

THE TUSSLE for power in the Southern Pacific between China and the Soviet Union was highlighted last week, when Mr. Li Xian-nian, a Chinese Vice-Premier, visited Oceania.

Mr. Li's visits to Australia and New Zealand were predictable enough, with plenty of talk of trade and easy agreement with Mr. Robert Muldoon and Mr. Malcolm Fraser, the New Zealand and Australian Prime Ministers, on Soviet iniquities. But Mr. Li also went to Papua New Guinea, and was rewarded by the Papua New Guinea Government approving a Chinese embassy in Port Moresby.

Hitherto, China, like the Soviet Union, had been denied a physical diplomatic presence, covering the nation from Canberra. But the triumph was partly spoiled by China's intercontinental ballistic missile test in the South Pacific on Sunday, a reminder that this peaceful region still bears the scars of World War II battles, and is used by France for testing atom bombs and by the Soviet Union for missile tests.

China's victory in Port Moresby was small but signifieant. Peking already has missions in Suva, Fiji and Apia, Western Samoa. The Russians have none, although their presence is real. Russian fishing boats and research vessels are frequent sights in Suva and other South Pacific harbours.

The South Pacific is significant for three main reasons:

- It commands the sea links between Japan, Korea, the U.S. and their Australian sources of raw materials.
- The small island States have potentially large resources and theoretical power over a huge part of the South Pacific, now that the principle of 200-mile economic zones has been accepted. The most immediate immediately attractive item is fish, mostly tuna. But there is also the lure of deep-sea mining.
- The economic weakness of many South Pacific nations could make them vulnerable to the big power. Although some, like Papua New Guinea and the soon-to-be independent New Hebrides have plenty of land to absorb population increases, others, such as Tuvalu and Kiribati, have no resources and rapidly increasing populations. They live on contributions from Australia, New Zealand, the U.S., Britain and France.

The U.S. has a presence in American Samoa and the Marshall and Caroline Islands between Hawaii and Guam.

The Marshalls and Carolines are now moving to semi-independence. The U.S. will continue to have a "right of denial" in respect of their arrangements with other nations. In return, the islands will receive aid.

Take Ponape, an island of 20,000 people in the eastern Carolines. In the past 100 years it has been variously ruled by Spain, Germany, Japan and the U.S. Now it is the capital of the almost independent "Federated Sates of Micronesia." Who's next?

Quentin Peel, recently in Lilongwe, assesses Malawi's fears for its economic future

Zimbabwe peace a mixed blessing for Banda

THE ZIMBABWE settlement could be a very mixed blessing for Malawi, long the odd one out, politically and economically, among the black states of Southern Africa. The Malawi economy is facing its most difficult period since independence 16 years ago, and the return of a major economic force to the regional market is regarded with considerable caution, by both the Government and businessmen.

Hitherto, the stubborn independence of Dr. Hastings Kamuzu Banda, Malawi's Life President, has brought his country more benefits than disadvantages, at least economically. As a result of his refusal to impose sanctions against Rhodesia, and the full diplomatic relations he maintained with South Africa, Malawi was one of the few countries to benefit from the sanctions era. Malawi's economic growth rate since independence has also far exceeded those of its immediate neighbours.

Relations with Zimbabwe, have been close ever since Malawi belonged to the Central African Federation, although it was very much a junior partner, and little more than a labour pool for the mines and industries of Northern and Southern Rhodesia. Up to 1976, when Mozambique closed the border, Zimbabwe was Malawi's third most important source of imports, and a major destination for exports.

The most important benefit of the sanctions years for Malawi was the rapid expansion of its tobacco industry to replace Zimbabwe producers in such

Dr. Banda: more benefits than disadvantages.

traditional markets as Britain and the U.S. At the same time, difficulties in obtaining imports from Zimbabwe provided an added incentive and protection for the creation of import-replacing industries in Malawi.

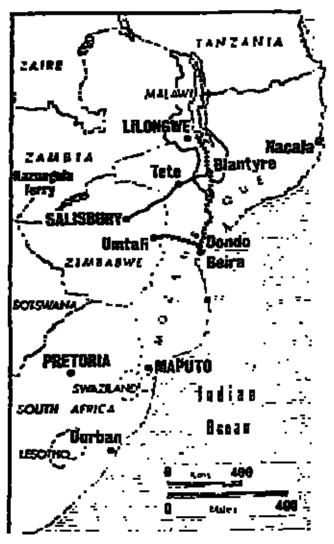
Malawi did not suffer like Zambia and Mozambique from the effects of the guerrilla war —the influx of refugees and bombing raids—but the dislocation of its transport routes has been a major and growing problem. When Zimbabwe's borders were closed, Malawi was left totally deepndent on its rail routes to the Mozambique ports of Beira and Nacala. Apart from air freight, only the road route through Botswana and Zambia, via the Kazangula ferry, sunk by Salisbury's security forces last year, provided a modest alternative to the increasingly inefficient and disaster?prone services of Mozambique Railways.

Malawi's transport problems have aggravated the economic crisis which has been gathering over the past two years. Stagnating prices for its main exports, tobacco and tea, and soaring prices for, imports, especially fuel, have resulted in a rapidly worsening deficit on the current account of the balance of payments, from Kwacha 33.6m (£18.3m) in 1977, a year of record crops and prices, to K164.6m (£89.5m) last year.

Imports have been hit hardest: average delivery times from Nacala to Blantyre are more than 60 days, compared with only 13 for the return journey. Both ports are desperately short of handling equipment, and the rail lines have not been maintained. Derailments are frequent.

The settlement will open two new overland routes from Malawi: by rail from Umtali, in Rhodesia, to Dondo, via Beira, and north to Malawi, and by road from Salisbury to Blantyre via Tete, in Mozambique. Also, for many important imports, such as coal, iron and steel, construction materials and processed foods, Malawi can look to Zimbabwe producers rather than South African, and consequently cheaper prices and lower freight rates.

A reduction in import costs could contribute greatly to a reduction in Malawi's inflation, and could improve the balance of payments. The road route, on which the first trial runs have now been made, used to carry some 500 tons of freight a week.



Re-opening direct transport routes should also boost Malawi's exports to Zimbabwe, in particular rice and textiles, by reducing the freight content of their price. Zimbabwe is Malawi's biggest customer for rice, and has been throughout sanctions, but it has had to be shipped via Durban.

There are also obvious disadvantages. Malawi will no longer be the principal user of Beira: Malawi traffic will have to compete with goods from Zimbabwe, Zambia and even Zaire. Yet Beira port is already hopelessly congested, although it is only functioning at some 40 per cent of its former capacity. Malawi's prestige new international airport at Lilongwe, due for completion next year at a cost of some K80m (£42.5m), could also be hit. It was planned as a regional centre for air traffic, yet that position is now much more likely to go to the Zimbabwe capital.

Malawi's tobacco producers are still uncertain about their future. The sudden return of Zimbabwe growers to the open market, with a stockpile estimated at more than 100m kilos, about a full year's production, has helped to depress tobacco prices this year.

The Malawi Government is now talking about the urgent need to diversify into other crops than tobacco—particularly cotton and groundnuts—but such a process clearly takes time. So, in the short term, real economic stringency seems inevitable, aggravated by a drought in the southern province which has cut the maize crop by a third.

The other complicating factor i s Malawi's political stance. Ideoological differences have so far prevented Malawi and Mozambique from having full diplomatic relations, and Mr. Robert Mugabe's new Government in Zimbabwe is clearly most sympathetic to Mozambique.

Malawi officials are confident they will have good relations with Mr. Mugabe's Government. But they also know they need to improve relations with Maputo.

The transport problems in Mozambique have brought home Malawi's dependence on its neighbour. Indeed, as one shipping agent put it: "The best aid anyone could give Malawi now, would be aid to Mozambique Railways."

Landslide for Belaunde in Peruvian elections

BY DOREEN GILLESPIE IN LIMA

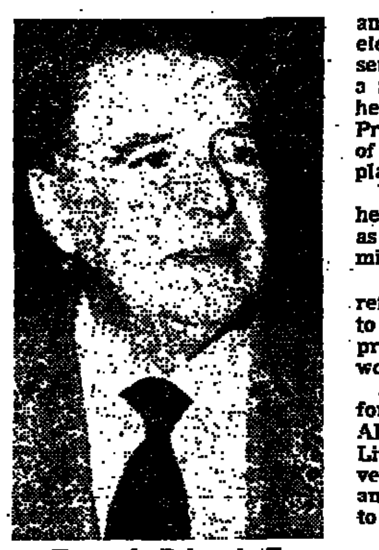
SR. FERNANDO BELAUNDE, who was ousted as President of Peru by the armed forces in October 1968, has been re-elected by a landslide, with 43.6 per cent of the vote.

This puts hm directly into the presidential seat, despite predictions that Peru's first general elections in 17 years would have to be decided by Congress.

Although early results have yet to be confirmed by the official recount, there can be no doubt that Sr. Belaunde has received well over the 36 per cent of the valid votes required for the presidency.

Sr. Balaunde, 67, leader of the moderate Popular Action Party, defeated the Left of centre APRA party, led by Sr. Armando Villanueya and 13 other candidates ranging from the radical Left to the Right.

The APRA is claiming that there have been some irregularities in the voting. Sr. Villanueva appeared on television to call for calm, however, and offered to talk to the other parties when thousands of APRA members crowded outside their party headquarters, claiming election fraud.



Sr. Fernando Belaunde Terry Comeback after 12 years.

About 6.5m Peruvians were also choosing two Vice-Presidents, 60 Senators and 100 Representatives in the election.

Sr. Belaunde, an architect an duniversity professor, was elected President in 1963 and served until he was ousted by a military coup in 1968. Then, he had been escorted out of the Presidential Palace by a group of army officers, and put on a plane for Argentina.

Yesterday, Sr. Belaunde said he did not think of his success as a 'slap in the face for the military."

But observers see it as a reflection of widespread histility to the armed forces, who have presided over one of Peru's worst economic crises.

Despite Sr. Villaneuva's call for calm, some supporters of APRA took to the streets of Lima and police with armoured vehicles dispersed hundreds of angry demonstrators who tried to put up barricades.

Computer predictions gave Sr. Belaunde more than 45 per cent of the vote in 12 Departments and forecast he would come in second in Libertad and Ancash, traditional bastions of the APRA Party, where Sr. Villaneuva was projected to win slightly more than 26 per cent of the vote.

More power for Egypt's Governors

By Roger Matthews in Cairo

PRESIDENT ANWAR SADAT spelled out in more detail yesterday the administrative revolution he is planning whereby the central Government is to give up many of its functions to provincial governors.

In a speech to the first meeting of the restructured Egyptian cabinet, Mr. Sadah stressed that the Government would be responsible mainly for planning and folow-up. The main executive powers would be exercised by the 26 provincial governors.

Armed with presidential powers and carrying the rank of minister, the governors would be able to take a wide range of decisions without reference to Cairo. Under the umbrella of the national plan they would be responsible for food supplies, industry, education, universities and agricultural development.

There was no indication that a large transfer of civil servants was planned from Cairo to cope with the greatly increased workload. Ministers have stated in the past that the governorates have neither the experience nor the ability to take on what has been the function of central Government.

The best explanation for Mr. Sadat's action may be found in his concern over challenges to his authority. Close aides have stressed that opposition elements in the bureaucracy have been purposely sabotaging Government efforts. By removing much of the power from the Cairo bureaucracy Mr. Sadat hopes to circumvent this.

Ihsan Hijazi reports from Beirut: A two-day state visit to Iraq by King Hussein of Jordan appears to have consolidated a new relationship of co-operation between the two states and to have deepened Syrian suspicion of Amman.

The King, who returned home on Sunday, has sent his Information Minister, Mr. Saeed al-Tal, to Damascus after charges that anti-Government members of the Syrian Moslem Brotherhood were receiving military training in camps in Jordan.

Japan renews talks on Iran oil

BY ANDREW WHITLEY IN TEHRAN

JAPANESE oil companiese have resumed negotiations with Iran for the purchase of over 500,000 barrels of crude a day, following the suspension of sales to Tokyo last month.

There was optimism in Iran's state oil company yesterday that the dozen Japanese companies involved would be compelled to accept the basic minimum price demanded by Iran of $35 a barrel. Other provisions previously sought by Iran could raise the effective selling rate to $37-$38 per barrel, according to reports from the oil industry.

These were the stumbling blocks over which talks broke down.

Indications are that the Japanese companies, divided into two groups, are concerned primarily with finding a pricing formula which would help deflect U.S. accusations of backsliding over sanctions.

Meanwhile, Iran has begun the process of cancelling oil revenue handling agreements with its traditional European and Japanese bankers.

The new banks which will be the main soucre for the opening and confirming of letters of credit for oil purchases are the Union de Banque Suisse, Sociéte de Banque Suisse, the Bahrain branch of the State Bank of India, Scandinaviska Enskilda Banken in Stockholm, and Bank für Arbeit und Wirtschaft AG of Vienna.

The choice of these banks was dictated by Iran's fears that sanctions arising out of the U.S. hostage issue would eventually lead to further controls on its foreign assets by Washington's allies.

Iran says it has been exporting an average of 100,000 b/d of crude oil on the spot market since April and hopes to sell more. Total exports are officially claimed to be nearly 1m b/d, although analysts have only been able to identify 611,500 b/d in term contracts

Japan reports payments gap of $1.89bn

By Charles Smith in Tokyo

JAPAN'S exports rose by 26 per cent in dollar terms last month, over the levels of a year ago, to a total of $9.85bn. The rate of increase was the sharpest since the beginning of the current Japanese export recovery in late 1979.

Imports, however, rose even faster—by 46 per cent to $10.68bn. The resulting gap on visible trade, together with a $1.06bn invisibles deficit put Japan in deficit by $1.89bn on the current account of its overseas balance of payments.

The figures appear to mean that Japan is not yet over the worst of its external payments problems. Imports, however, could level off in the later part of the year while exports are likely to continue to grow.

The expectation of more level imports in the latter part of the year is based on the hope that oil prices will not rise as fast in the second half of 1980 as they did during the last six months of 1979.

Iran and Iraq exchange insults at Islamic talks

BY DAVID HOUSEGO IN ISLAMABAD

IRAN AND IRAQ appeared to come closer yesterday to a formal breach of diplomatic relations when the two states sharply attacked each other before the full gathering of Islamic Foreign Ministers in Islamabad.

The initial attack came from Mr. Sadeq Qotbzadeh, the Iranian Foreign Minister, who said Iraq had embarked on a "treacherous policy of animosity" against Iran as soon as Ayatollah Khomeini had come to power. He accused Iraq of supporting subversion in Kurdistan, of the expulsion to Iran of some 35,000 people and of other atrocities.

Mr. Qotbzadeh was heard in silence but immediately came in for a sharp rebuke from Mr. Hamid Alwan, Iraq's Minister of State for Foreign Affairs. Such irresponsible behaviour, he said coincided with the chaos and disturbances in Iran where there was no state and no responsible Government.

There were signs yesterday that Mr. Qotbzadeh's self consciously high profile at the conference was causing a mixture of irritation and apprehension among other Moslem states particularly in the Gulf region.

At a Press conference he dismissed almost out of hand a Bangladesh proposal that a committee of Moslem states be established to try to mediate in the U.S. hostage crisis. Most participating nations are anxious to see a rapid solution to the issue.

In his speech Mr. Qotbzadeh attacked in almost equal measure the U.S. and the Soviet Union. He claimed the abortive U.S. rescue mission was "part of a master plan to destroy the new Iranian republic."

He warned the Soviet Union in a clear reference to both Afghanistan and Iran that if it wanted a friendly state on its southern flank "aggression is not the way to achieve it."

Mr. Qotbzadeh took full and personal responsibility for admitting to the conference as members of the Iranian delegation leaders of the Afghan insurgent groups. "That was the least we could do," he said.

Ugandans promised early poll

By Michael Holman

UGANDA'S Foreign Minister, Mr. Otema Allimadi, yesterday promised free and fair elections by the end of the year, a commitment echoed in interviews yesterday by the chairman of the ruling military commission, Mr. Paulo Mwanga.

The initial response of many diplomats and observers is that the Government will be hard-pressed to organise polls within this time. The country suffers from a broken-down transport system and lacks other basic services. The last elections were held in 1962.

Mr. Allimadi summoned diplomats yesterday to give the first details of the policies of the military commission which overthrew President Godfrey Binaisa 11 days ago.

Mr. Allimadi said that the character of the Government "remained interim." The greatest political objective continued to be the restoration of democracy. The Government would continue with the election plan as scheduled, "if not even earlier than scheduled," and would be proud when Ugandans once again elected their own leaders. The previous administration had promised elections by December this year.

The minister, who held the same post in the Binaisa Cabinet, declared that the coup was "not intended to benefit an individual . . . Milton Obote or any other former President of Uganda has nothing to do with it." Nor had the 11,000 Tanzanian troops and police based in Uganda been involved in the coup.

Reconstruction and rehabilitation of the economy remained the first economic objective. The Government would continue to encourage foreign investors on the basis of participation with the Government and public corporations.

Zaire tries creditors' patience Page 27

Close result expected as Quebec holds referendum

BY W. L. LUETKENS IN MONTREAL

THE OUTCOME of today's vote in Quebec, on the French-speaking province's future relationship with Canada is expected to be close.

The provincial government of Mr. Rene Levesque is asking the electorate of 4.3m in a referendum to give it authority to negotiate sovereignty, on condition that at the same time a monetary and economic union can be agreed with the rest of Canada.

After a succession of opinion polls showing voters turning away from Mr. Levesque's proposal, the last poll to be published found the "yes" vote to be very narrowly ahead. But in all cases, the number of apparently undecided voters was large enough to put the issue in doubt.

One point appears to be clear: Mr. Levesque's opponents, led by Mr. Claude Ryan, the Quebec Liberal leader, and French despite his name, will be hard put to it to achieve a "No" vote among the four out of five Quebecers who speak French.

"Yes" from them, even if the referendum were to be lost, would be a moral victory for him and his Parti Quebecois.

In an interview published yesterday he declared that, if the referendum were to be lost only because of the non-French vote, opinion could become "radicalised."

Mr. Levesque added that, if he won, he would be ready to negotiate with Ottawa by September. The political leaders of English Canada, and Mr. Pierfre Trudeau, the Prime Minister, himself a Quebecer, have insisted that no negotiations can be held on sovereignty for Quebec.

Instead, they have undertaken to being negotiations almost at once for a "renewed federalism," meaning more rights for Quebec and for the other provinces, if today's vote ends in a "No."

Trouble is that, though Mr. Ryan has put forward a blueprint for "renewing" federalism, it does not fallow that Mr. Trudeau or the English-speaking provinces agree with it.

By undertaking that no attempt will be made to win sovereignty for Quebec without economic association, Mr. Levesque has partly calmed widespread public fears that a sovereign Quebec would be a poorer Quebec. The suggestion of one Federal Minister that, in case of a "Yes," social security benefits from Ottawa might be reduced, was quickly abandoned as unwise tactically.

It is clear that many French-speaking voters had a profound emotional struggle to choose on the one hand, between French national pride and Mr. Levesque's powerful pleas that Quebec and Canada should face each other as equals, and, on the other, the hankering for security in a unit larger than Quebec.

Given the large number of undecided voters, that really means that the result of the referendum is unpredictable.

50 feared dead as volcano erupts in U.S.

VANCOUVER, Washington State—At least 50 people are feared dead after Mt. St. Helens volcano erupted in dense clouds of ash and black smoke in South-west Washington State yesterday. The deaths of at least nine people including motorists and a crop-dusting pilot have been confirmed.

"The motorists were fried by the intense heat," a state policeman said. They died while trying to flee Camp Baker, a logging camp 20 miles north of the 9,670 ft mountain.

The eruption which sent smoke and ash to a height of 50,000 ft, caused about 2,000 ft of the mountainside to cave into the volcano.

Some cars in which bodies were found had been overturned by giant mudslides that swept down the mountainside

The pilot was killed 100 north-east of the mountain. His plane apparently ran into a power line when enveloped by one of the dense black clouds from the volcano.

Many people are reported missing, including one man—Mr. Harry Truman, 34—who had refused to leave his cabin when the area was ordered evacuated last month.

A geological team who flew over the area said Mr. Truman's cabin on the side of Lake Spirit, at the base of the mountain, had disappeared.

Red-hot ash pouring out of the volcano had turned the lake into a boiling cauldron, the team reported.

Agencies

Bid to speed Belize independence

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

BRITAI is pressing Belize to cede territory to Guatemala in exchange for a Guatemalan undertaking to allow the Central American territory to move swiftly to independence.

British, Guatemalan and Belizean negotiators met in Bermuda yesterday to consider the future of Britain's only remaining colony on the American continent, which is claimed by Guatemala.

The British team was led by Mr. Nicholas Ridley, a junior Minister at the Foreign and Commonwealth Office. The Guatemalan delegation was headed by Sr. Rafael Castillo Valdés, the country's Foreign Minister.

Britain is keen to end its colonial presence in Central America but the Government of Mr. George Price is unwilling to seek independence without a defence guarantee. Britain is unwilling to give this.

British negotiators have been seeking U.S. help in urging Gautemala to give up its objection to Belizean independence within secure frontiers. Washington wants to retain a British involvement if only to counter any further rise in left-wing political activity in a stormy region.

The situation is complicated by the fact that Basic Resources, a Luxembourg company of which Sir James Goldsmith, the British financier, is president, has discovered oil in Guatemala.

Last month, Basic Resources made its first export shipment and could eventually transform Guatemala's balance of payments.

Israel, which has close links with the Guatemalan Government of Gen. Romeo Lucas, has been tipped as a major buyer of Guatemalan crude oil.

● Nicaragua's dominant Sandinist movement has appointed two men, Sr. Rafael Cordova and Sr. Arturo Cruz, an economist, to the five-member ruling junta, Reuter reports from Managua.

The two, regarded as moderates, replace Sra. Violeta Barrios Chamorro, who resigned on April 19, and Sr. Anfonso Robelo Callejas, who quit three days later accusing the Sandinists of trying to take full control of the Government.

David Buchan, in Washington, reports on President Carter's predicament as thousands of eager, would-be exiles eye U.S. shores

The flow of refugees becomes a flood

IN A SORT of reverse Bay of Pigs operation, several "divisions" of Cuban refugees—nearly 60,000 in the past month—have "invaded" southern Florida, creating enormous political and administrative headaches for the U.S. Administration.

What should have been an unqualified propaganda blow for Cuba's standing around the world has been turned by President Fidel Castro into a painful dilemma for President Jimmy Carter. The hapless Mr. Carter is being attacked now at home from the Right by Mr. Ronald Reagan, for not letting more Cubans in, and from the Left by Santor Edward Kennedy, for giving Cubans special treatment over refugees from elsewhere. All this has left Mr. Carter's refugee policy in tatters, just when a law passed this spring was supposed to give it coherence.

To wrest the initiative away from the Cuban President, Mr. Carter last week coupled his clampdown on freelance refugee - ferrying by Florida Cuban-Americans with an offer to Havana to set up an organised government - to - government refugee air or sea-lift (as has been agreed several times in the past).

Several overloaded or unseaworthy craft have sunk on the 100-mile trip between Mariel in Cuba and the Florida keys. But, so far, Mr. Carter has had no official answer from Havana—and if no official channel is set up, the refugee flow will dry up completely, and the U.S. President will be partly blamed for that.

The bewildering sequence of events in which President Castro has virtually managed to turn the tables on Mr. Carter began early in April, when some 10,000 Cubans flocked into Peru's embassy in Havana to claim asylum. By mid-April, an orderly settlement was in prospect, with the refugees being flown to Costa Rica and resettled from there.

But President Castro, resorting to the trusty formula of confrontation with the U.S. as a distraction from domestic discontent, abruptly cancelled the Costa Rica flights on April 18, and said refugees or *gusanos* (worms) could leave only directly for their final destination. For most Cubans, that meant the U.S., to join their 800,000 relatives or compatriots already there. But instead of organising an orderly departure, President Castro simply issued a "come and get'em" call to the Cuban-American community across the Florida Straits. That was music to Cuban exile ears, and they put to sea in any old shrimp boat they could hire.

Mr. Carter has had to contend with strong and opposing pressures. On one side stands the Cuban-American community, which understandably wants to get its estimated 200,000-300,000 remaining relatives out of Cuba. Regular refugee flights from Cuba stopped in 1973, although some political prisoners have been allowed out since. For the past two years, Cuban exiles have been permitted back into Cuba to visit relatives, who seem to have been only the more demoralised by the sight of well-dressed cousins who made good on the "golden streets of Miami."

In the same corner is Mr. Zbigniew Brzezinski, the Polish emigre who counsels the President on national security and who sees in each Cuban refugee a slap in the face for the Kremlin, President Castro's protector.

But, against an unrestricted flow of Cubans are the many federal and local officials who have to face the administrative nightmare of processing so many people without proper papers and the prospect—perhaps realised in the weekend riot in Miami—of a backlash against refugees competing for scarcer jobs as the recession grows.

The U.S. Coast Guard is now out in force, stopping private boats making for Cuba, seizing boats returning with refugees and fining (or threatening to do so) skippers at the rate of $1,000 for each illegal alien. Those eligible for refugee status have been narrowed down to those with relatives in the U.S., former political prisoners, and Cubans who took asylum in the Peruvian embassy and U.S. interest section in the Swiss embassy in Havana.

The Cuban influx could not have happened at a worse time for the Administration. It was already preparing to admit around 230,000 refugees in hte year ending on Septmeber 30.

No one knows how many Cubans are on their way north, but the Administration is budgeting to spend a total of $1.6bn this fiscal year and $2bn in 1980-81 for its national refugee programme.

The 1980 Refugee Act, which came into force last week, seeks to do two htings. First, to admit refugees regularly, with Congressional agreement, instead of *ad hoc* through the executive power of the Attorney-General. Second, it abolishes the bias in law towards refugees from Communist countries and the Middle East. Responding to pressure from the U.S. black community, it allows more scope for refugees from Africa.

But the Cuban influx has ironically infuriated the black community, because it highlights the quite different treatment given to the black Haitian refugees.

Since the early 1970s, several thousand Haitians have washed up on the Florida shores, but only some 250 have been granted asylum. Senator Kennedy has this month taken up their cause in his Senate Refugee Subcommittee.

The problem is that the Administration does not regard Haitians as qualifying for refugee status, as someone who has already suffered persecution or who has a "well-founded fear" of suffering if repetriated. The evidence of persecution in Haiti is mixed, says the State Department. Most Haitiansa re simply escaping appalling economic circumstances, and if they were now admitted wholesale, the argument goes, most of the Third World would be on the next U.S.-bound aircraft or ship.

Asurvivor of a Cuban refugee boat that sank on its way to Miami is helped from a helicopter by a U.S Marine.

France and Mexico plan co-operation pact

BY ROBERT MAUTHNER IN PARIS

FRANCE and Mexico will open negotiations next month on a wide-ranging economic co-operation agreement. It will provide for an increase in Mexico's exports to France of manufactures and semi-finished goods, French investment projects in Mexico and technological co-operation.

Though a joint communique published at the end of a three-day official visit to France by President Lopez Portillo of Mexico made no mention of an increase in Mexico's oil exports to France, it is generally assumed that this will be part of any long-term agreement signed between the two countries.

Under a 10-year agreement signed by Compagnie Francaise des Petroles (Total group) last year with Pemex, the Mexican state-controlled oil group, Mexico will supply France with 5m tonnes of crude per year. According to some Mexican officials, these quantities could eventually be doubled.

To facilitate the implementation of the economic co-operation agreement, two French nationalised banks, BNP and Societe Generale, have decided to grant Mexico credits worth FFr 300m (£31m) as part of the FFr 1bn line of credit opened by France during the visit to Mexico of President Giscard d'Estaing in March 1979. So far, only FFr 270m of this credit line has been used.

A first five-year loan of FFr 50m will be extended at an interest rate of 14 per cent, to be followed by a FFr 250m eight-year loan, with a grace period of six years, at a rate to be fixed later.

A series of technical agreements for the development of the Mexican processed food industry, the production of animal foodstuffs and agricultural machinery were also signed. France is also expected to participate in the modernisation of ports and the electrification of the Mexico-Irapuato railway line. But, contrary to earlier reports, no nuclear co-operation agreement was concluded.

Reuter adds from Bonn: President Lopez Portillo of Mexico yesterday began a four-day visit to West Germany aimed at strengthening economic links starting with a first round of talks with President Karl Carstens.

Today, President Lopez Portillo will discuss world political and economic problems and bilateral matters with Chancellor Helmut Schmidt and Foreign Minister Hans-Dietrich Genscher.

The Mexican President will also meet opposition leader Franz Josef Strauss and leading industrialists. He will be visiting Cologne and Hanover before flying on to Sweden on Thursday.

Australia in Canada 'phone link

CANBERRA — The Australian Government yesterday announced a US$385m telecommunications project which will link Australia, Norfolk Island in the South Pacific, Fiji, Hawaii and Canada by undersea cable.

Mr. Tony Staley, the Post and Telecomunications Minister, said the cable would carry more than 1,000 telephone circuits. It was designed to handle the rapidly expanding telecommunications traffic between the Pacific basin, Asia and Europe.

The cable system, to be called Anzean, an acronym for Australia, New Zealand and Canada, will be in operation in 1983-84, he said.

Australia's international comunications agency, Overseas Telecommunications Commission, would be the largest shareholder, with an investment of U.S.$220m.

Other international telecommunications organisations participating in the project are Teleglobe Canada, British Post Office, Fiji International Telecomunications, Deutsche Bundespost (West Germany), Secretariat d'Etat aux Postes et Telecomunications et Teledefussion of France, New Zealand Post Office, Philippine Long Distance Telephone Company, and the Papua-New Guinea Department of Public Utilities. AP

Kloeckner wins Nigerian contract

BY OUR FRANKFURT CORRESPONDENT

NIGERIA has awarded a DM 150m (£36.45m) contract for the construction of a sheet glass works to two West German plant building companies.

The plant will be built by the engineering subsidiaries of the Kloeckner and Kloeckner-Humboldt-Doutz groups, KHD Engineering has also undertaken the training of the Nigerian workforce. The West German companies will provide a temporary management team for the glass works, until the Nigerian staff is fully trained.

The plant, which will have a capacity for producing some 40,000 tonnes of glass a year, should be completed in about two and a half years. It will be located close to Okitipupa, about 400 kms to the east of Lagos, in order to exploit local deposits of quartz sand.

Reuter adds from Lusaka: Mitsubishi and Nchanga Consolidated Copper Mines (NCCM) have concluded a deal to be signed here soon for a kwacha 35m (£20m) sulphuric acid plant at Kitwe in Zambia's copperbelt. The plant will have an annual capacity of 100,000 tons of acid.

Mitsubishi will provide kwacha 23.3m (£12.5m) in the form of an eight-year loan at 7.5 per cent interest with payments to begin after completion of the project. NCCM will provide the remainder.

● A British Government-financed study of Dar es Salaam port has recommended the construction of two berths designed to handle containerised cargo, Reuter reports from Dar es Salaam. The report, which was prepared by consulting engineers, Bertlin and Partners, and the Economist Intelligence Unit, said that the port entrance channel must be improved to enable it to take container ships. Modifications must also be made to the Tanzania-Zambia railway facilities and the Tanzanian central lines to enable them to take containerised cargo directly from the port.

The report also recommends investment in specialised grain handling facilities

Belgrade, Soviets sign trade accord

BELGRADE—Yugoslavia and the Soviet Union have signed an additional $430m protocol on bilateral trade this year.

This will bring this year's expected trade exchange between the two countries to about $5bn, some $1bn more than in 1979, officials said.

The protocol was signed at a meeting in Belgrade of the joint Yugoslav-Soviet Trade Commission.

The Commission also discussed additional measures to improve and accelerate Yugoslav exports to the Soviet Union.

Yugoslavia's exports to the Soviet Union reached $616m in the first four months of this year, and its imports from the Soviet Union amounted to $789m in the same period. Reuter.

● Hungary is introducing a competitive pricing system based on world market prices in order to enable industrial growth to return to higher levels within two to three years, says the Birmingham Chamber of Industry and Commerce.

The BCI reported the findings following a recent mission to Hungary, during which it noted that Hungary had been found to be in the process of slowing down its economic growth in order to reduce its foreign trade imbalance.

CAR BREAKDOWNS

Toyota tops W. German reliability league

BY LESLIE COLITT IN BERLIN

TWO LEADING West German reports on car reliability and durability have ranked Japanese and eWst German cars at the top of their annual lists which Italian, Soviet, Czechoslovak and British cars finished at the rear.

The West German Technical Examination Society, TUV, which inspects all cars registered in West Germany every two years, has issued its results after inspecting some 7m cars for faults. In the category of cars up to two years old the Toyota Carina 1600 leads the list of 84 models for having the fewest failure slips, followed closely by Mercedes Benz and Audi models. At the bottom of the table are Leyland's Allegro, the Chrysler Simca, Autobianchi A-112 Skoda, the BL Mini and, in last place, Alfa Romeo's Giulia GT 1300.

West Germany's largest automobile club, ADAC, has also published its statistics showing where it rendered help to those cars which broke down during the past year. Toyota tops the list of cars with the least number of breakdowns at 3.9 per 1,000 registrations followed by Honda and Mercedes Benz. Alfa Romeo with 57 per 1,000, Lada with 62.8 and BL with 68 are at the bottom.

ADAC, in publishing the statistics in its monthly magazine sent to all members, notes that in most cases the causes of the breakdowns were simple ones which could easily have been avoided by manufacturers and dealers. One of the main causes was defective fan belts which tore after "a few thousand kilometres instead of lasting for 40,000 kilometres or more."

Battery trouble was also among the most frequent problems and was often caused by poor starting and headlamps that do not dim automatically when the ignition is turned off, and another frequent cause of breakdowns ADAC said, was loose cable connections usually in the ignition system.

The report shows that, of cars up to four years old, the Opel Ascona took first place for the fewest failures, followed by BMW models, the Toyota Carina, Mercedez Benz models and the Chrysler Simca.

The bottom of the list was occupied by Skoda, Alfa Romeo Giulia and BLs Mini.

S. AFRICA'S OIL INDUSTRY

Export pressure on crude refineries

BY JOHN STEWART IN CAPE TOWN

HAVING ESTABLISHED a firm lead in the international drive to reduce reliance on liquid fuels derived from crude oil, South Africa will clearly also be the first country to face awkward policy decisions on the commercial future of its major crude oil refineries.

The three coastal refineries, located at Durban and Cape Town, are curently operating at not much more than 45 per cent of capacity due to a combination of high pump prices and stringent conservation measures. They will have to come to terms with further erosion of demand as increasing volumes of coal-based synthetic fuels become available from the country's three oil-and-coal facilities controlled by Sasol, the state oil utility.

According to official statements, synthetic fuels from Sasol will satisfy about 47 per cent of the country's demand for high grade oil products, based on 1978 levels of consumption. These calculations do not take into account the impact of private sector plans to invest large sums in alternative fuel plants producing methanol and ethanol.

Enactment of the State Oil Fund Amendment Bill, which has just been taken through all its stages in the South African Parliament, is the first indication that the Pretoria Government is trying to come to grips with the problem of reduced refinery throughputs.

The state oil fund is a revenue pool managed by the Government and comprises various levies imposed on the consumption of high grade oil products. At present the levies amount to 17½ cents (SA) per litre, of which the lion's share is deposited in a price equalisation account.

The aim of the account is to absorb fluctuations in offshore prices of crude oil, most of which is acquired on international spot markets.

The State Oil Fund Amendment Bill has two principal features. The first provides for differentiated levies on various oil products.

For example, the Government intends to reduce the levy on aviation kerosene and illuminating paraffin. The levy on jet fuel has had an adverse effect on the operating economics of international airlines serving South Africa. This resulted in one company suspending its service to Johannesburg. Similarly, lowering of the levy on illuminating paraffin is intended to bring relief to low-income households for whom paraffin is the main source of heat and light.

The second section of the bill provides for full rebate of state oil fund levies on petroleum products intended for export and is clearly intended to encourage the coastal refineries to export their way out of trouble.

South African refinery operators indicate, however, that there are clearly defined limits to their ability to do so.

Although they have disposed of small parcels of petrol on international spot markets on numerous occasions in the past six years of the Government's tough conservation regime, international oil majors operating in South Africa say that high premiums riding on the price of imported crude are a constraint on the development of a regular export trade.

An obvious immediate candidate for the oil majors' surplus production is newly-independent Zimbabwe, but there must be doubts about the long-term future of this market since it has a refinery of its own.

Sustained by oil supplies from South Africa during the long years of Mr. Ian Smith's UDI, Zimbabwe will doubtless continue to rely on supplies from the Republic for as long as it takes to bring Umtali's Feruka refinery back to production. According to the best information in the oil industry, it may take up to two years to recommission Feruka, which has a capacity of about 20,000 b/d.

A complicating factor is that Lonrho, which owns the crude oil pipeline between Beira and Umtali, has instituted damages against Shell and BP, two of the seven owners of Feruka, arising from allegations in the Bingham report that the British oil major committed breaches of the British Government's sanctions order against the UDI regime.

Another factor which may deprive South Africa refiners of the Zimbabwe market in the medium-term would be a decision by the Salisbury Government to take its oil products from Mozambique's Sonarep refinery in Maputo, which has a capacity of 900,000 tons a year. This might not be a serious option in view of the fact that oil consumption in Zimbabwe is almost certain to rise far above Sonarep's ability to furnish all its requirements.

Apart from Zimbabwe there do *not* appear to be any short-term export options in Africa. The oil majors described as laughable the recent suggestion by Mr. David de Villiers, the Sasol chairman, that black African states will commit themselves to contractual arrangements with refineries located in South Africa.

Meanwhile the oil majors' pips are squeaking.

Refineries facing the crunch of ever-reducing returns are Sapref in Durban, jointly owned by Shell and BP, with a capacity of 200,000 b/d; the Caltex refinery in Cape Town with a capacit yof 100,000 b/d; the Mobil refinery in Durban, capacity 100,000 b/d and the Sasol-controlled Natref crude oil plant at Sasolburg, capacity 75,000 b/d.

...While total capacity is about 475,000 b/d actual output, now that some of the modules at Sasol 2 are beginning to produce liquid fuels, may be less than 200,00 b/d.

The depreciated book value of the three coastal refineries is a closely guarded secret, but it is known that Caltex, Shell/BP and Mobil recently completed programmes running in excess of R200m (£111.1m) to install secondary processing equipment designed to raise yields of petrol and diesel from available crude.

In terms of a contractual arrangement between Government and the refinery operators the latter are permitted a fixed return on capital employed. If, for reasons of higher offshore prices of crude or for reasons of lower volume throughputs, the profit/loss balance is disturbed, then the oil companies are entitled to call for an adjustment to the "margin."

Whatever "relief" formula is arrived at it will be watched with intense interest by foreign Governments since they, too, will face a similar dilemma when they decide to switch to alternative sources of energy.

Adviser for Sir Keith appointed

By John Elliott, Industrial Editor

A SPECIAL ADVISER has been appointed to help Sir Keith Joseph, Industry Secretary, reduce State intervention in industry.

He is Mr. David Young, a property developer, who for the past year has been advising the Department of Industry on the use of private sector finance in the Government's industrial properties.

Yesterday it was announced that Mr. Young would advise Sir Keith on these matters generally.

This means he will work on plans to sell part of British Aerospace to the private sector. He is also likely to be involved in other possible projects involving Cable and Wireless, British Shipbuilders and the National Enterprise Board.

Mr. Young, 48, is a director of the Centre for Policy Studies, the Conservative fringe group which was founded by Sir eKith but which criticised him at the weekend for not dismantling the NEB fast enough.

Last month he was appointed a member of the English Industrial Estates Corporation, with which he has been working in the past year. He has helped the corporation to raise funds for its factory projects from Legal and General Assurance, the National Coal Board Pensions Fund and Barclays Bank.

Mr. Young's main job is as chairman of Manufacturers Hanover Property Services, a subsidiary of the Manufacturers Hanover bank of New York.

A qualified solicitor, he has also worked for Great Universal Stores and Town and City Properties.

Inspectors to speed up company reports

BY JOHN MAKINSON

A MAJOR effort is to be made to speed up Department of Trade investigations into companies.

Inspectors will be asked to complete their reports within a year in future but Mr. John Nott, the Secretary of State for Trade yesterday turned down a proposal that full-time inspectors should be appointed. Inspectors will probably be appointed less frequently.

The changes in company investigations procedure follow recommendations by four organisations and, in particular, a report from the Council for the Securities Industry (CSI) published late last year. The time taken to complete and publish reports has been a frequent target for criticism.

Inspectors are appointed by the Department of Trade when a full investigation of possible wrong-doing by a company is considered necessary.

The CSI recommended strongly that full-time inspectors should be appointed to speed up the process, but, Mr. Nott said, it might not be possible to attract the right people at the salaries available.

He said that full-time inspectors might not be considered sufficiently independent of the Department and that they would have little to do when no investigation was underway.

Extension

The Department will, however, attempt to accelerate inquiries by appointing people who can devote more time to the job. At present, inspectors are often senior QCs whose other commitments candelay reports.

From now on, if an inquiry is not completed within 12 months, the Secretary of State can grant an extension but will require the inspectors to provide an interim report.

And it is possible that the Department will appoint inspectors less frequently in future. Mr. Nott said he considered it desirable "that the appointment of inspectors should be confined to cases in which the information necessary ..." or where results "cannot be achieved by examination or books and papers."

In addition, the Department will define the terms of reference of an inquiry more precisely and support inspectors in their attempts to ensure that witnesses attend hearings when requested.

Mr. Nott said he is "considering an extension of the definition of compellable witnesses" but was not specific about what this would entail.

Under current legislation, inspectors can only compel "officers and agents" of the investigated company to attend hearings. This power of summons could be extended to other witnesses.

The CSI report said witnesses should receive more protection when they appeared before inspectors and should be warned in advance of matters on which they will be examined. It also criticised the frequent personal criticisms in reports.

New fees may boost bus fares

By Lynton McLain

BUS FARES are likely to increase as a result of Government plans announced yesterday for higher licensing fes for public service vehicles.

Regulations laid before Parliament by Mr. Norman Fowler, Transport Minister, call for the fes to rise by more than 40 per cent from June 9.

The fe for a public service vehicle licence, required by all coach they use, rises from £45 to £65. A certificate of fitness will cost £35, a rise of £10.

Record price for Pollock

CHRISTIE'S ended its week of picture sales in New York as it began—with a record. The price of $550,000 (£239,000) paid for "Four Opposites" by Jackson Pollock may look small compared with the $5.2m paid for a Va nGogh on Tuesday but it was a new auction high for the artist and for a work by any contemporary painter. Other artist records were the £108,695 paid for "Primordial Light" by Barnet Newman; £78,260 for "Study for Marshes" by Willem de Kooning; and the same sum for Morris Louis' "Beta Khi." The two sessions totalled £1,638,369 ($3,768,250).

In London, an auction of English pottery at Christie's made £98,765 with a top price of £14,000 for a Staffordshire salt glaze pew group made around 1740. It was bought by the London dealer Jellinek and Sampson. Lane, another London dealer, bought a Staffordshire fiddler toby jug for £3,400.

SALEROOM

BY ANTONY THORNCROFT

Fuel oil demand fell last winter

By Sue Cameron

UK CONSUMPTION of fuel oil, home heating and most other oil products fell by an average of 12.4 per cent during the first three months of this year, compared with the same period last year, the Department of Energy said yesterday. Demand for petrol continued to rise.

The most significant drop was in the use of fuel oil. Consumption fell by 25.4 per cent from nearly 9 m tonnes in the first three months of 1979 to only 6.5m tonnes this year. The main reason for the reduced consumption has been the increased use of coal — instead of fuel oil — in power stations.

The Department of Energy's policy has been to replace fuel oil with coal where possible, to ensure greater security of fuel supplies.

Consumption of home heating oil fell by 30 per cent although the tonnages involved are lower than for fuel oil. The chief reasons for this cut in consumption are thought to have been the comparatively mild winter and an increase in the number of householders switching from oil to gas as a domestic fuel.

But petrol consumption during the period rose by 6.2 per cent from 4.181m tonnes in the first three months of 1979 to 4.439m tonnes in the first quarter of this year. The increase has come despite substantial petrol price rises over the last year.

Experts within the industry said last night that although pump prices had gone up, petrol prices have remained static and may possibly have declined in real terms.

CBI's new president may bring change of style

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A CHANGE of style is about to emerge at the Confederation of British Industry which may gradually affect its overall stance on many policies.

Sir Ray Pennock, 59, the chairman of BICC, who until a few months ago was a deputy chairman of ICI, takes over as president of the CBI tomorrow.

He will have a unique chance to put his stamp of carefully thought-out reasonableness on the organisation, because he has to fill the vacuum left by the sudden death last month of Sir John Methven, the director-general.

Head-hunting for a successor to Sir John is beginning. But that successor is unlikely to start work before the end of the year, by which time Sir Ray will be almost a third of the way through his two-year presidential term.

How his style will develop in this time, and how policies will be built up, is not yet clear.

Sir Ray often seems a liberal at heart. A man who would prefer to encourage union leaders in dialogue rather than engage them in confrontations, and who would rather see a more relaxed national economic policy replacing the present hard-headed adherence to high interest rates that harm industry. He also has progressive views on dentempolev — sive views on development of employee participation in company decision-making.

But he reacts against being labelled a liberal, especially when memories are still vivid of the CBI's membership revolt against the leadership of Sir Campbell Adamson, director-general till 1976.

Ironically Sir Campbell was keenly supported by another former ICI deputy chairman, Sir Michael Clapham, now chairman of IMI.

"I have a confrontatory approach to trade unions because they are not fulfilling their primary purpose of representing their members and looking after their interests," declares Sir Ray.

Two weeks ago, he lectured Mr. David Basnett of the General and Municipal Workers' Union on this theme with such determination in a dialogue in the National Economic Development Council that Sir Geoffrey Howe, Chancellor of the Exchequer, eventually said: "I feel like a spectator at a tennis match."

Mr. Len Murray, TUC general secretary, was away and missed the meeting, and Sir John Methven had just died. So Sir Ray was speaking directly to a union leader he had known for 15 years or more in the chemical industry.

He explains: 'I said to David Basnett 'Let's level with each other. In the CBI we have accepted policies from Labour Governments that we disagreed with, and now you should do the same with hte present Government.

"'But you are doing so. You are not doing the right thing on wages because of your basic opposition to monetary policy.

"'Unions should be facing up to the need for lower wage settlements to get inflation down, and to reduce unemployment, which is in their members' interest.

"'So let's talk business on this issue rather than on monetary theory. Monetarism will take too long by itself, and will probably throw out the baby with the bath water'."

Terry Kirk

Sir RAY PENNOCK
Unique chance

These remarks illustrate Sir Ray's determination to use his presidency to develop a dialogue with the TUC.

He believes that it is the task of the CBI, when there is a Conservative Government in power, to build bridges with the trade unions, and knows that some TUC leadesr are in favour of this.

At the same time he is quite prepared to be highly critical of the Government's handling of the economy, a fact that will do no harm to his bridge-building.

When Sir Geoffrey attends the CBI annual dinner tonight he will find many industrialists highly critical of the present level of interest rates.

Sir John Greenborough, the outgoing president, will state this in his after-dinner speech.

"We are concerned about the time it is taking the Government to get public spending down, and therefore to reduce interest rates," says Sir Ray.

Sir Ray is likely to attack the Government and criticise fellow employers for being prepared to agree to pay rises equivalent to the level of inflation, instead of fighting for lower levels to combat the "wage-price spiral."

He says that unions are "too strong," but is not such an outspoken enthusiast for strike laws as are many of his members.

He believes that the present Employment Bill is "about right," because it "meets industrial requirements" and reflects public opinion.

He believes that the CBI's proposed strike insurance fund should go ahead if it gains more overwhelming support from a wide range of CBI companies.

He has progressive views about employee participation, though he played a central role in orchestrating industrialists' opposition to the Bullock Report on worker-directors three years ago.

He believes that workers should have a greater involvement in understanding their companies' affairs, and that they should have increasing opportunities to influence company decisions.

This links up with his primary interest in increasing economic understanding.

Part of this interest stems ICI, where he worked on personnel matters for nearly ten years from 1947 before becoming a divisional commercail director in the early 1960s.

He was a candidate for chairman of ICI in 1978,a nd became more involved in the CBI (where he has been chairman of the Economics Situation Committee), when beaten to this job by Sir Maurice Hodgson.

He recently became executive chairman of BICC, which will enable him to stay in full employment longer than would have been possible at ICI, where he would have had to retire at 62.

Now he has to split his time, probably on a 50-50 basis, between running BICC and striking a balance between liberalism and toughness at the CBI.

House prices in most areas still stagnant

BY ANDREW TAYLOR

HOUSE PRICES in many parts of the country continue to stagnate, but there are some marked regional variations in price performance, according to the monthly house price survey by the Royal Institution of Chartered Surveyors.

More than three-quarters of the 105 estate agents canvassed said that prices either remained static or rose by only between 1 and 2 per cent in the three months to the end of April.

Nationally, 14 per cent of agents reported price falls in the quarter, but an increased number of agents, still less than 2 per cent, said that prices rose by 8 per cent and more the three months.

There appear to be regional variations in price performance. No Northern agents reported any lower prices. Price trends differ according to age and type of property in different areas.

Demand 'firm'

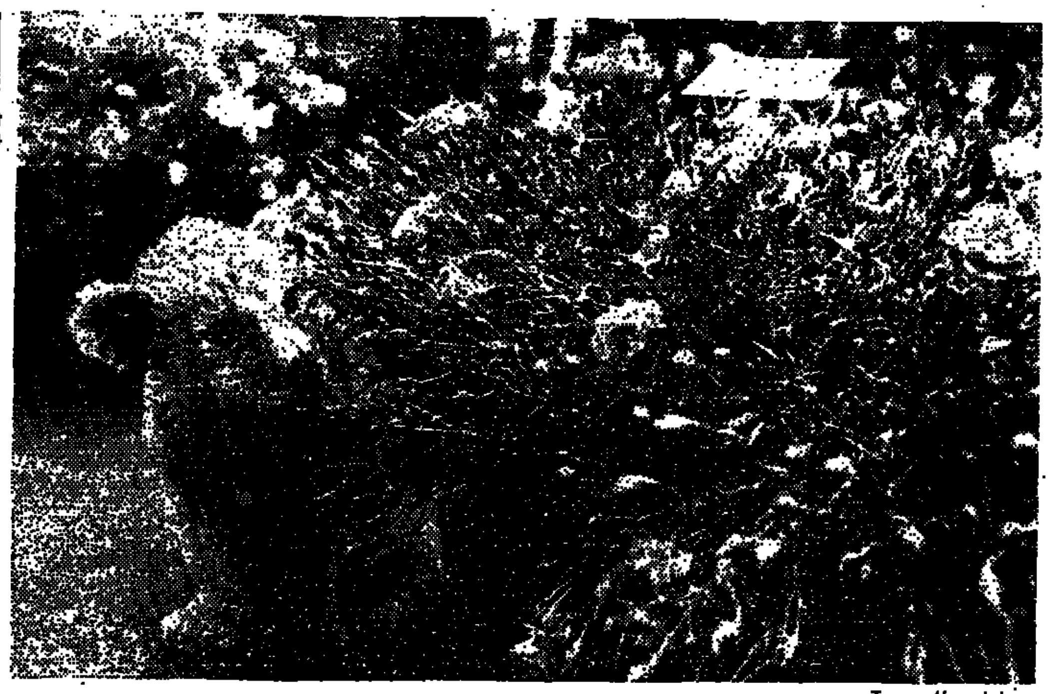
The institution said yesterday that while the general trend in prices was to ssagnate, market conditions remained erratic and the underlying demand for homes remained firm.

Given the present state of the market, it advised people seeking to move to sell their homes before buying.

Sir Raymond Potter, chairman of the Halifax Building Society, the country's largest, has warned that high mortgage rates are likely to prevail for some time.

Agents' comparison with prices three months ago

	Percentage of agents reporting				
	+8%	÷5%	+2%	SAME	LOWER
National returns					
Pre-1919 terrace	1.9	9.5	22.9	55.2	10.5
Inter-war semi-det.	1.0	6.7	18.1	59.0	15.2
Inter-war det.	1.0	8.6	13.3	62.9	14.3
Post-war semi-det.	1.0	6.7	20.0	54.3	18.1
Post-war det.	2.9	5.7	12.4	62.9	16.2
New houses	2.9	9.5	28.6	50.5	8.6
Northern region					
Pre-1919 terrace	0.0	0.0	50.0	50.0	0.0
Inter-war semi-det.	0.0	0.0	0.0	100.0	0.0
Inter-war det.	0.0	0.0	0.0	100.0	0.0
Post-war semi-det.	0.0	0.0	0.0	100.0	0.0
Post-war det.	0.0	0.0	0.0	100.0	0.0
New houses	0.0	0.0	16.7	83.3	0.0



Trevor Humphries

ROSE BY ANY OTHER NAME: The name of the rose is Longleat. The name of the lion cub is Rose. The occasion is Chelsea Flower Show, where John Mattock's new miniature rose—which celebrates the Marquess of Bath's 70th birthday—was launched yesterday

MP demands inquiry into police conduct

BY ROBIN REEVES, WELSH CORRESPONDENT

A FULL Home Office inquiry into police behaviour during their investigation of Welsh holiday home arson attacks was yesterday demanded by Mr. Dafydd Elis Thomas, Plaid Cymru MP for Merioneth.

His demand follows publication of a disturbing report by the newly formed Welsh Campaign for Civil and Political Liberties.

It alleges the police consistently bent and broke Judges Rules on the treatment of suspects, traded on people's ignorance of their rights and used intimidatory interrogation procedures to gather political intelligence rather than criminal evidence when it arrested more than 50 people in dawn raids on Sunday March 30 in connection wit hthe burning of holiday cottages.

British group orders £26m drilling rig

BY WILLIAM HALL, SHIPPING CORRESPONDENT

SELECTION TRUST, Houlder Offshore (part of the Furness Withy Group) and Energy Investment Group have ordered one of the world's largest jack-up drilling rigs at a cost of nearly $60m (£26m).

The rig, designed for all-year-round work in the central North Sea at water depts of 250 ft, is of a cantilever design and will be built in Dunkirk by Compagnie Française d'Enterprises Métalliques. It will be delivered by October 1981 and the owners hold options for another unit with the same builder.

Energy Investment Group, a newly-established company which is controlled by Singapore, Greek and UK-based interests, has put the deal together and all thre partners will hold a one third share.

Houlder Offshore, now operating two semi-submersible drilling rigs in the North Sea, will manage the rig.

It will be able to operate in greater water depths than any existing jack-up rig. It is considerably cheaper than a semi-submersible drilling rig and stands on the ocean floor.

Finance is being provided by COFACE, the French export credit agency. Some 85 per cent of the financing will be covered by an 8½ year loan at a fixed rate of 8.5 per cent interest.

Peugeot picks parts site

THE FRENCH car company Peugeot yesterday signed a contract for a national parts distribution centre at Peterborough.

Peugeot is taking over a 300,000 square foot unit near the Great North Road, the biggest to be handed over by the Development Corporation since the expansion scheme started 10 years ago.

The centre will handle distribution of parts throughout the United Kingdom, and will eventually employ more than 100 people.

The £16m development will involve purchase of a 13-acre site where the first phase will be ready within two years.

Mr. Henri Hassid, managing director of Peugeot (Automobiles) UK, who signed the contract, said that Peterborough had been chosen for the development after intensive research throughout Britain.

Local bodies study code of practice on financial disclosure

Robin Pauley discusses the kind of information about the spending of ratepayers' money which local authorities will have to disclose if they accept voluntarily the code of practice they have had drawn up in answer to Government demands for more information to be given to electors and ratepayers about the performance of their local councils.

THE MOVE by local authorities to compile a code of practice, in order to meet Government demands for more financial accountability, is the first attempt by councils to demonstrate publicly how ratepayers' money is being managed.

The confidential code drawn up by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives, has been submitted to the Environment Department and local authority associations.

It is hoped it will be accepted as a voluntary code and obviate the need for legislation. Ministers and local authority leaders will discuss it at their next consultative council meeting at the beginning of June.

Comparisons

The local authorities have produced the code of practice on the basis of three main Government objectives:

1—To give ratepayers clear information about local government's activities.

2—To make it easier for electors, ratepayers and other interested parties to make comparisons and judgments on the performance of their authorities.

3—To help councillors form judgments about the performance of their own authority.

Because of the problems and expense involved in providing the information, the draft document recommends that the full operation of the code should be phased in over three years to April 1984, except for two clauses which should operate from April 1981.

They are about information which should accompany the rate demand note. This should include:

- The estimated product of a penny rate and the level of rate or county precept (levy) poundages appropriate to the various classes of domestic and non-domestic and unoccupied property.
- A service-by-service breakdown of estimated gross expenditure, including gross housing revenue account and direct labour organisation expenditure.

Total gross income should be broken down to show how much comes from Government grants, from different categories of ratepayer, and from users of services, the code says.

The year's rate level and precept should be compared with the previous year's to show all the changes resulting from inflation, changes in grant, balances, income from charges and service provision, preferably identifying separately changes in volume.

There should be a short statement on the levels of and reasons for contingency funds and balances, and a statement explaining any manpower changes.

Further brief information should include a comparison of rate increases or gross income/expenditure levels with inflation over the previous five years. Maximum and minimum manpower levels for the year should also be shown.

Explanations should be included on how much Government grant has been received, how it has been calculated and what the authority's rate fixing and general financial strategy was, together with major capital items planned or under way.

Each authority should publish its financial report as soon as possible after the end of the financial year — and anyway by the end of September.

The code gives detailed guidelines for the content of the annual report. These include statistics for major services showing the scale of service provision, numbers served, use of service, measures of cost and measures of performance, such as productivity, all compared with previous years.

Comparison of service statistics should be made between the figures for an authority and the average for that class of authority and also other authorities which have similar characteristics — not necessarily the same authority for all service.

The report must also indicate how the financial year turned out compared with the budget strategy and forecast, with explanations for he differences.

Summary

The code would also require a summary of each committee's capital expenditure with a statement indicating the source of finance — borrowing, reserves, leasing.

A summary showing gross revenue expenditure by category (wages, running costs, financing charges) and gross income by source for the year would show separately income from each class of rates.

The code would encourage publication of long-term objectives, including the direction of main policies with supporting statistical data and manpower policies, with references to productivity and incentive bonus schemes.

A feature of the recommendation is that the annual report and financial statement should contain an explanation to help non-specialists find their way through the various accounts, many of which are meaningless to ratepayers who are not qualified accountants.

Visitors spend more in UK

SPENDING in the UK by overseas visitors in the first three months of this year rose by 28 per cent on the same period last year, according to Government figures published yesterday.

An estimated 2.1m visitors, an increase of 13 per cent on the same period last year, spent £520m compared with £408m last year.

But the Department of Trade, in publishing the figures said comparisons were difficult as "exceptionally bad weather conditions and industrial disputes" affected travel at the beginning of 1979.

Nevertheless, with the number of visits abroad by UK residents increasing by 22 per cent to 2.7m between January and March, the Department said the trend appeared to be an increase in the number of visitors *to Britain and the number* of UK travellers going abroad.

UK travellers spent £410m abroad in the first three months of this year compared with £322m last year.

Much of the increase, in both directions, is related to the use of the short sea routes between Britain and Europe, said the Department. Inward and outward travel rose from all parts of the world but the European Community showed the largest gains.

£½m chair of rheumatology

THE Arthritis and Rheumatism Council has endowed a new Chair of Rheumatology at Guys Hospital, with a £½m grant. A professor will be appointed next month.

Inflation likely to top Government targets

BY DAVID MARSH

RETAIL PRICE inflation in the UK will run at more than 18 per cent by the end of the year, well above the Government's 16.5 per cent forecast, says Henley Centre for Forecasting.

With the average level of wage settlements unlikely to drop significantly, and a fall in sterling expected to aggravate imported inflationary pressures, the centre says prices will still be rising by an annual rate of 15 per cent next summer.

The Henley forecast, in its monthly report on the economic outlook, is the latest in a series of gloomy projections casting doubt on the Government's hopes of achieving a significant reduction in inflation.

Following Friday's announcement that the April Retail Price Index was up by 21.8 per cent compared with a year ago, Sir Geoffrey Howe, the Chancellor, said he was sticking to the forecast made in the March Budget, that the inflation rate would be down to 16.5 per cent by the end of the year.

But London Business School, a broad supporter of the Government's monetary policies, projects a year-on-year rate for 1980 of 19 per cent.

This forecast was echoed at the weekend by Charterhouse investment and banking group, which said the average increase in the RPI would be 19 per cent for 1980 and would fall to around 15½ per cent in the first half of 1981.

The Henley Centre say that because of the likelihood of further increases in the real price ofo il, there is only a remote chance of inflation falling much below 10 per cent over the next five years.

This means that the Government's monetary targets set down in its medium-term financial strategy are unlikely to be achieved.

On average, the annual rate of growth of sterling M3, the broad measure of money supply, is likely to be about 10 per cent over the next five years, well above the level set down in the Government's plan.

The Government may have to implement an incomes policy. This possibility, could be a factor encouraging unions to rush through wage deals before next winter.

The centre estimates that the annual rate of increase of average earnings will still be running at about 19 per cent at the end of the summer. This amplies an average rate of increase of unit labour costs of more than 20 per cent for the whole economy this year.

It is forecasting a fall in the annual rate of increase of wages and salaries to 15 per cent by summer 1981, as tight labour market conditions start to bite. However, there is some possibility of an acceleration of wage inflation in the next pay round starting in the autumn. With consumer-orientated and service industries not feeling the monetary squeeze as much as the investment goods sector, early pay settlements in the wage round—for instance at Ford—could be highly inflationary.

Short-term interest rates are expected to fall rapidly in the second half of this year, and a 5 to 10 per cent depreciation of sterling from current levels seems likely. Because many companies urgently need to increase prices as soon as exchange market conditions permit, the inflationary consequences of such a depreciation could be severe.

"In these conditions it seems unlikely that the Government could maintain either its policy of laissez-faire with regard to the labour markets or its medium-term monetary targets."

Chair in microprocessor applications endowed

FINANCIAL TIMES REPORTER

A CHAIR in microprocessor applications in industry is to be established at Manchester University, endowed by Barclays Bank.

Barclays has entered into a ten-year covenant with the university, and has provided an initial £250,000. The appointee, who will be based in the university's Department of Computer Science, is expected to begin work in October.

Mr. Brian Pearce, a Barclays general manager, said yesterday: "We welcome this association with Manchester University, which is an established centre of excellent in computer technology.

"We believe it will help with the modernisation problems of industry, particularly in the North-West. It is vital in the light of American and Japanese competition."

The professor will develop an advisory service for solving industry's problems related to the application of microprocessors,

Prof. Dai Edwards, who has held the ICL chair in computer engineering since 1966, said that the new endowment provided an important source of funding for staff

March car production drops by 25.8%

By James McDonald

BRITISH CAR production in March was nearly 25.8 per cent lower, on the basis of weekly average output, than in the same month of 1979. BL was by far the biggest contributor to the overall drop, with the weekly output falling by 7,302 cars, or 56.8 per cent, from 12,861 to only 5,559 vehicles.

Total UK car production was 19,793 weekly, compared with 26,662 in March of last year.

Society of Motor Manufacturers and Traders statistics show that car output by Ford and Vauxhall also declined.

Ford output averaged 8,977 units weekly—990, or almost 10 per cent down on March last year—while Vauxhall production was about 16.3 per cent lower at 1,333 vehicles weekly.

Talbot was the only exception to the general trend among major car manufacturers. Its output, at 3,812 units weekly, was 80 per cent more than in March, 1979.

Within the BL group, Austin Morris production was 54 per cent lower at 4,601 cars compared with 10,008 a year before, while Jaguar, Rover Triumph output, at 786 units weekly compared with 2,557 a year earlier, was down by 69.3 per cent.

For the first three months of *this* year, *British* average weekly car production was 2,041 units, or 8.1 per cent lower at 22,988 vehicles.

SMMT figures show that commercial vehicle production in Britain was also lower in March although less so. Weekly average output, at 8,549 units, was 1,534 vehicles, or 15.2 per cent down

During the first three months of this year, however, commercial vehicle production was slightly higher with weekly output, at 9,438 units, comparing with 9,230 in the first quarter of 1979.

Government threat of more spending curbs in Scotland

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GOVERNMENT has told Scottish local authorities that it wil ltake stronger powers to curb their spending, unless they reduce budgets for the current financial year by at least 4.5 per cent.

In a circular to chief executives, Mr. George Younger, Secretary of State for Scotland, *says that the total of council's* budgets for 1980-81 exceeds the target set by the Government, by £76m when calculating the rate support grant at November, 1979, prices.

This figure, he adds, is incompatible with the national economic requirements seen by the Government, and that, unless budgets are reduced before June 20, when Mr. Younger is to meet local authorities to discuss finance, he will consider action.

The circular goes on to point out that powers already exist to reduce excessive spending by individual authorities in certain circumstances, and that Mr. Younger could take additional powers.

The row between the Government and Scottish authorities has been brewing for several months, and the Scottish Office *is already taking action against* one of them, Lothian Regional Council, which has increased its rate by 42 per cent—to allow for real growth in services.

Each of the councils' capital spending projects is now being looked at and sanctioned individually.

But although Lothian is he biggest offender, it is not the only one. Two other regional councils have budgets five per cent or more above the target figure and more than half the district councils plan to exceed the guidelines by 15 per cent or more.

Over budget

Attitudes among councillors have hardened since the local elections at the beginning of the month, when Labour tightened its grip on Scottish authorities at the expense of the Conservatives and Scottish Nationalists.

Over-budgeting is only half the problem and another disagreement is in prospect over cash limits—the topping up grant from the Government to allow for inflation and pay settlements.

This has been calculated, assuming an annual inflation rate of 13 per cent, whereas the authorities, who are already facing teachers' strikes over pay, believe that the actual figure *will be much higher,* leading to spending of at least £90m above the grant as now proposed.

More than 5,000 jobs created in rural Wales

BY ELAINE WILLIAMS

MORE THAN 5,000 jobs have been created in the three-year existence of the Development Board for Rural Wales, says its report published today.

But the board says changes in development status of much of rural Wales will make it more difficult to attract new industry, especially manufacturing.'

By 1982, 85 per cent of rural Wales, which covers 40 per cent of the country, will have lost all *development status. The board* seeks to retain a larger proportion as a development area.

Finances for the board will be reduced from £8m in 1979 to £6.2m this year. Dr. Iain Skewis, the board's chief executive, says emphasis will be placed on building small factories to encourage new businesses, because it does not have resources to build larger units.

Factories under construction or planned number 75. They are intended to provide 900 jobs in the area, which has a popula*tion of about 200,000* representing a mere 7 per cent of Wale's total population.

Ladbroke opens 3 hotels

BY LISA WOOD

THREE NEW hotels were opened yesterday by the Ladbroke Group as part of a £11m development programme.

The hotels are in Leyland, Lancs; Lonbridge, Birmingham; and Bracknell, Berks. Construction of a fourth hotel, in Edinburgh, has just begun.

Mr. John Jarvis, chairman and managing director of Ladbroke hotels division, said occupancy in Ladbroke hotels was ahead of the national average. The group's confidence *in the industry's future* was typified by the development programme, he said.

The group has 40 hotels and the new hotels bring its total number of bedrooms to 4,620.

£79,000 aid to fight cancer

THE INSTITUTE of Cancer Research, which works closely with the Royal Marsden Hospital, has received a $180,000 (£79,000) grant for cancer research from Bristol-Myers, the U.S. pharmaceutiacal company.

The Institute, at Sutton in Surrey, *is one of the first two* research centres to receive the three-year research grant outside the U.S.

Laker to back air fare cuts campaign

By Michael Donne, Aerospace Correspondent

A CAMPAIGN for cheaper air fares throughout Western Europe is being supported by Sir Freddie Laker, chairman of Laker Airways, and Lord Bethell, a member of the European Parliament.

The aim is to get as many individual travellers as possible to complain to the European Economic Commission in Brussels that the existing system of air fares applied by scheduled airlines is in breach of Article 85 of the Treaty of Rome.

This prohibits any organisation either directly of indirectly fixing purchase or selling prices, limiting or controlling production and markets, or sharing markets or sources of supply.

The campaign is being run by Business Traveller magazine, which will publish in its July issue a completed EEC complaint form, for readers to sign, which will then be sent to Brussels.

Sir Freddie emphasised yesterday that he would pursue his own appeal against the recent rejection of his bid for a substantial number of cheap-fare European routes.

His bid was rejected by the Civil Aviation Authority, and he has now lodged an appeal with Mr. John Nott, the Secretary for Trade.

If this is rejected, he will pursue the matter through the UK courts

Sir Freddie claimed yesterday that the law was on his side, and added that "all we have to do is beat the customers out of the bushes."

Also associated with the campaign, called "The Freedom of the Skies," is Denmark's Sterling Airways, an independent operator which some time ago was refused permission by the Danish Government to run a low-fare "Skybus" service between London and Copenhagen.

Laker Airways has won a £2m contract from a group of travel operators to fly passengers regularly between Gatwick and Tel Aviv, from next November, for the second year in succession.

The tour operators involved are Modernline Travel, Twickenham Travel and Maof-Charter Number One, of Tel Aviv. Brokers for the deal were Dolphin Maritime and Aviation Services. Prices for the flights will be announced later.

● The Association of Independent Tour Operators has protested to MPs against the recent increases in airport security charges.

Mr. Colin Murison Small, chairman of the association, said: "The levy was increased from 83p to £1.60 per passengers from February 1. However, the actual cost of maintaining security measures at some provincial airports (those not operated by the British Airports Authority) ranges from 52p (Bristol) to £1.35 (Manchester).

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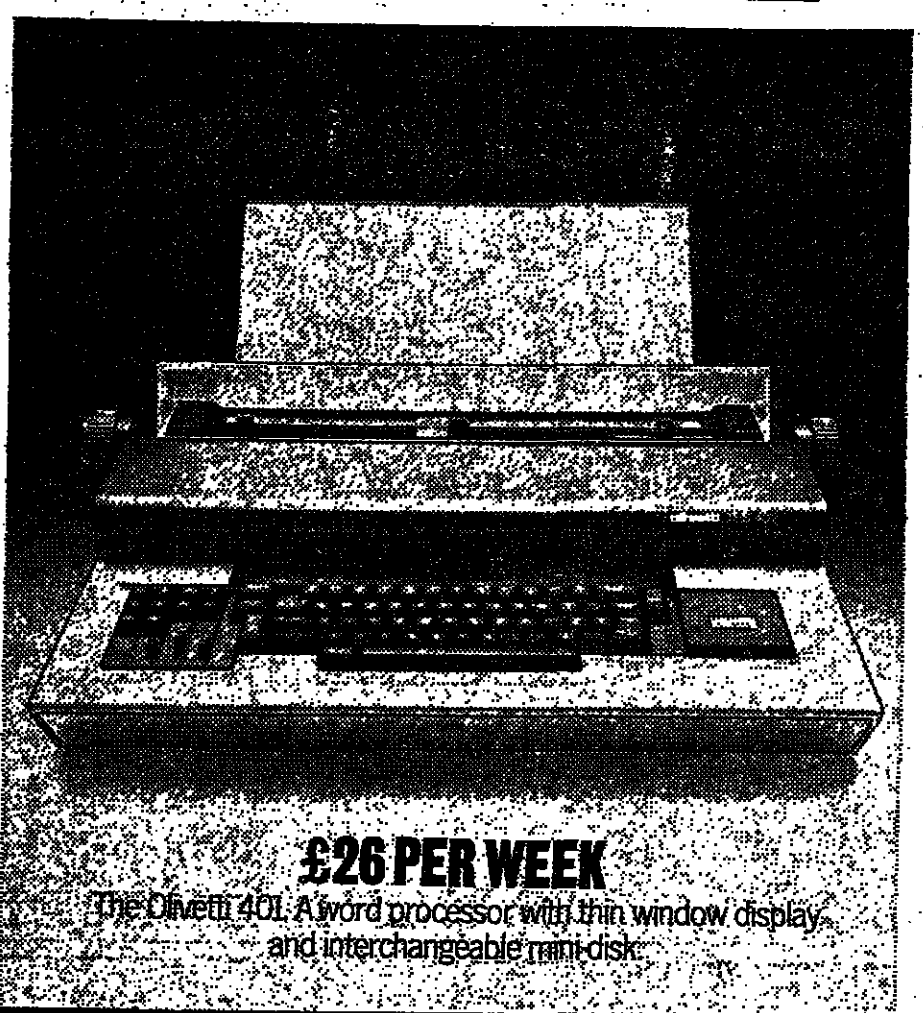

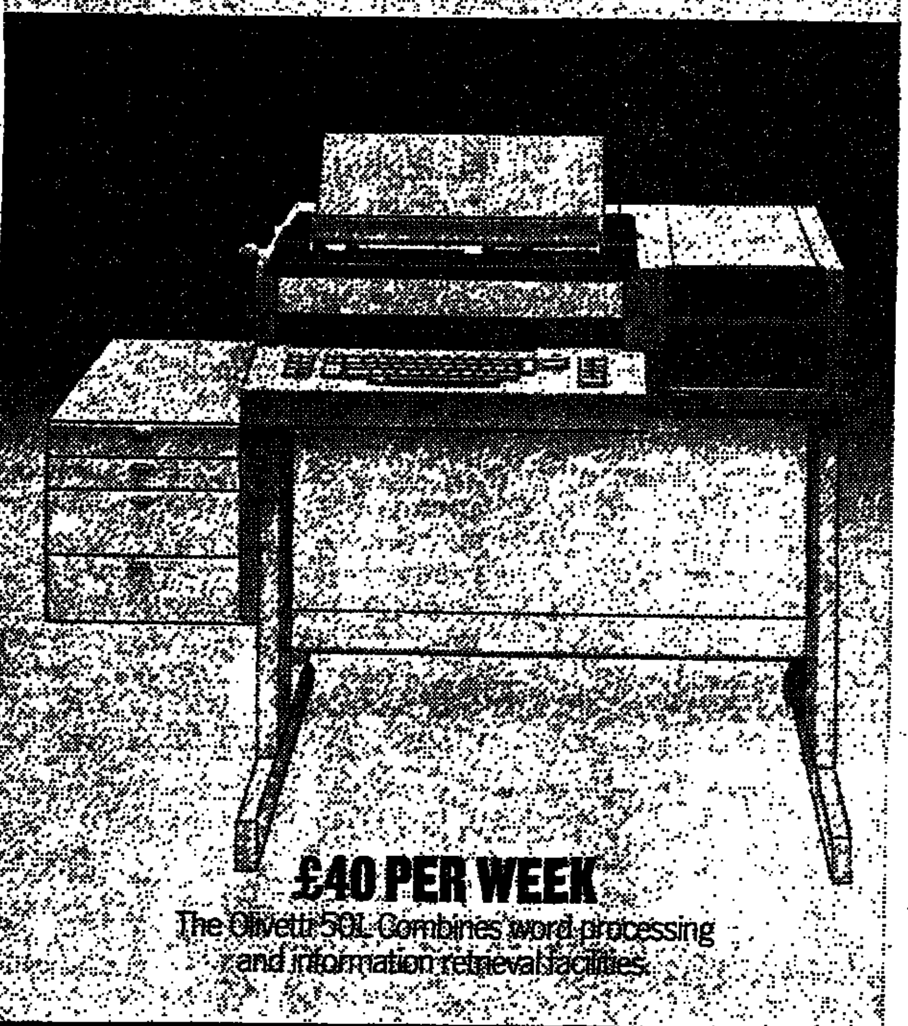

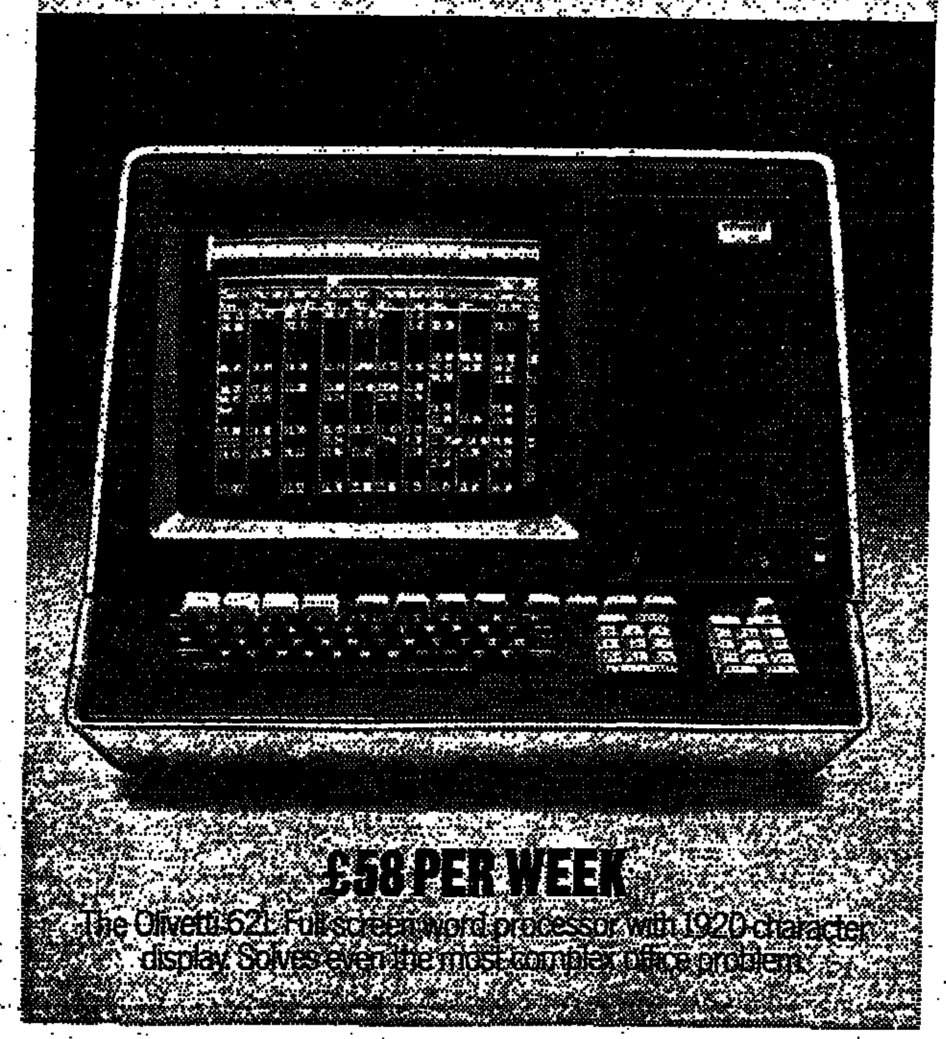

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UK NEWS—PARLIAMENT and POLITICS

Howell rejects charge of unfair petrol price rises

BY IVOR OWEN

ALLEGATIONS that motorists are being subjected to unjustified increases in petrol prices were discounted by **Mr. David Howell**, the Energy Secretary, in the Commons yesterday.

Mr. Joe Ashton, a Labour Energy spokesman, accused the *oil companies of putting up* prices just two days after Saudi Arabia's announcement last Thursday that it was raising its prices by $2 a barrel.

Yet, he said, it took five weeks for a tanker to reach Britain from Saudi Arabia.

Mr. Ashton called on the Government to "stop this closed shop of big brothers holding motorists to ransom."

Mr. Howell replied there was strong competition at the petrol pumps in the north and other parts of Britain.

As a result, he said, pennies had been knocked off the pump prices in some cases.

Mr. Howell assured Mr. Ashton that the recent rise in petrol prices announced by some oil companies had nothing to do with the latest increase announced by Saudi Arabia.

"They reflected the higher costs of oil working through the pipeline all the time," he explained.

Mr. Howell, who stressed that British consumers could not be insualted from the higher cost of energy, again underlined the fact that there could be no certainty about the level of world oil production.

"We expect the market to be roughly in balance this year, even allowing for some further production cuts by OPEC," he said.

"But the balance is fragile and could be upset at any time, for example, through political developments in producing countries."

Mr. Hamish Gray, Minister of State for Energy, told **Mr. Greville Janner** (Lab., Leics. West) that a rate of oil production *roughly equivalent to net* self-sufficency, should be attained by the UK towards the end of the year.

"The UK may then become a potential net exporter of oil," he added.

Asked for the latest estimate of the date when North Sea oil reserves would be exhausted, Mr. Howell said itw as not practicable to give a date.

He expected production to continue well into the next century.

Mr. Gray confirmed that discussions were taking place with the industry on a depletion policy for British oil and gas *resources. He expected* to make a statement shortly.

Martin Dickson, Energy Correspondent writes: The South of Scotland Electricity Board would prefer to continue relying on the advanced gas-cooled nuclear reactor (AGR) "unless and until" it is clear that another reactor system has clear advantages.

This was stated yesterday by Mr. Roy Berridge, chairman of the SSEB, who added that it was by no means clear at the moment that the rival American-designed pressurised water reactor (PWR) would be attractive to the Board.

He was giving evidence to the Select Committee on Energy which is examining the Government's nuclear expansion programme. This includes the ordering of a PWR station before deciding between it and the British-designed AGR.

He said that the SSEB's stance was not to oppose the PWR but to say that it should be thoroughly examined under British conditions.

In a memorandum to the committee, the SSEB said that its Hunterston B AGR station was working well, and that it was starting to build a second AGR at Torness. The Board was dealing with a "known situation *with the least practicable, tech*nical and commercial risk."

By contrast, the risks attached to building a PWR station in Britain in the next few years were inevitably high because the technology was very different.

No 'firm plans' on Civil Service cuts

BY PHILIP BASSETT

SENIOR WHITEHALL officials yesterday acknowledged that no firm plans for specific departmental reductions as yet lie behind the new round of Civil Service Manpower cuts announced last week by the Prime Minister.

The admission to the Commons' Select Committee on *the Treasury and Civil Service* will give support to those union leaders and Labour MPs who view as arbitrary the new cut of 40,000 posts.

Sir John Herbecq, Second Permanent Secretary of the Civil Service Department, told the Committee that the figure of 630,000—which is the Government's target for the size of the Civil Service to be achieved before the next election—"represents a considered judgment by the Government of what is practicable in this way over an extended period. It is not however based on firm plans already worked out—*that still lies ahead.*"

Departmental Ministers will now work on detailed plans of how to achieve the cuts. The Government is hoping to agree where the cuts should be made next year before the summer recess.

Ministers have already begun negotiations with the CSD. The final decisions on even the broad pattern of cuts in later years will probably not be taken until September at the earliest.

The negotiations will take much the same form as the discusisons over the last round of public expenditure cuts. Departmental Ministers will be reminded of teh Government's overall objective of cutting the number of civil servants by about 8 per cent, but they will not be given a particular figure to work towards.

Instead they will be asked to review the working of their Departments and to calculate what savings are possible. Only after these initial bids have been made will Civil Service Ministers start making their own vews known about which Departments could make the biggest savings.

Ministers involved in drawing up the planned reductions are keen not to push some more moderate Civil Service unions into line with the more militant assiciations by a combnaton of staff cuts, pension adjustments and much lower pay rises than those in other sectors.

Government may shift property cost burden

By Elinor Goodman, Lobby Staff

THE GOVERNMENT is considering making individual *Government departments* responsible for their rents and other property costs which presently do not come out of their own budgets. In the same way, individual departments may be billed with their advertising expenditure rather than, as now, the money coming *from a central budget.*

Campaign

The object of both changes would be to tighten up on accountability and make Ministers more aware of just how much money these services are costing. It would form part of the *Government's general* campaign to improve the efficiency of the Civil Service and inject an element of cost-consciousness into the system.

At present the costs of all Government buildings around the country are charged to th Property Services Agency which also has the job of maintaining Government property and reports to the Department of the Environment.

In the same way, advertising expenditure comes out of the vote for the Central Office of Information. In the current year, for example, the COI will spend £27.7m on advertising and will get only about £5.9m bac kfrom public agencies like the Manpower Services Agency.

Relationship

The Government has already changed the relationship between departments and the HMSO, which like the Property Services Agency used to provide its services to departments out of its own budget rather than billing those which used it.

If departments were to be charged for additional services, like rents, their cash ceilings would presumably have to be raised fo compensate for the *additional expenditure.* But those in favour of the change argue that if these costs became part of a department's overall budget, Ministers would look at them more critically and possibly find ways of making economies.

Row on Iran sanctions

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

AS THE result of furious protests from MPs yesterday, an emergency debate is to be held in the Commons today on the Government's decision to introduce economic sanctions against Iran.

Sir Ian Gilmour, Deputy Foreign Secretary, was the centre of a heated row for 45 minutes when he made a statement explaining the sanctions decision taken by EEC foreign ministers at their meeting in Naples over the weekend.

Labour MPs bitterly complained that the Government had cheated and misled the House when the Bill on sanctions had been rushed through the Commons last week.

Their fears were echoed by *many Tory MPs who were ex*tremely worried at the effect which restrospective sanctions would have had on British companies trading with Iran.

Eventually, after some hesitancy, **Mr. George Thomas**, the Speaker, granted an emergency debate on an application by **Mr. Tam Dalyell** (Lab., West Lothian).

The Speaker gave his verdict after **Mr. Enoch Powell** (Ulster Unionist, South Down), intervened to reinforce Mr. Dalyell's argument about the urgency of the matter. Mr. Powell reminded him that the Government would be bringing forward sanctions orders, which would come *into* force immediately and would lapse after 28 days only if the House refused to approve them.

Mr. Dalyell said that one *managing director had told him* yesterday that any backdating of sanctions would mean that his company would be "knocked for six."

Re-routing

In addition to the current losses that it would suffer, the managing director believed the Iranians would turn to the Rumanians and East Germans and that this business would not return to Britain.

Mr. Dalyell also told the House that an export manager had informed him that he had already been on the phone to his agents to see if they could continue their contracts by re-routing goods for Iran through Turkey.

Mr. Dalyell recalled that in April Britain had exported goods worth £54m to Iran, and that our exports to that country were beginnin gto climb back towards their *old level of £750m* a year.

The Iran (Temporary Powers) Act which was approved last week, only imposes sanctions on new contracts—a point which had been heavily emphasised by Government Ministers when the measure was debated last week.

What particularly infuriated MPs was that powers to make sanctions retrospective were being taken under the Import, Export and Customs (Defence) Act of 1939. They *claimed that* Ministers had failed to make this clear in last week's debate and that most MPs had voted for the sanctions legislation under the false impression that it only applied to future contracts.

These charges were strongly denied by Sir Ian.

He argued that the Government was acting entirely in accordance with precedent.

The Minister said that the sanctions orders would come into effect as soon as possible, probably by next Thursday, and that the House would have a chance to debate them.

Service contracts would not be affected except for new service contracts in support of industrial projects which would be banned as the appropriate Government order was made.

Mr. Peter Shore, Labour's Shadow Foreign Secretary, protested that this was a very unsatisfactory statement. The Opposition felt that the implementation of sanctions should have been held back in view of new developments.

Since last week's debate, he said, the Iranian president had made an appeal to the EEC countries, there had been a new UN initiative, and the Iranian elections had been brought *forward.*

From the Tory benches, **Sir Nicholas Bonsor** (Nantwich), said that although there was overwhelming support for sanctions amongst Conservative MPs, they had not been aware in the debate last week that they were to be retrospective.

Damage

"This is going to do enormous damage to British industry," he complained. "Many people since November have made contracts quite justifiably, which are now going to be revoked over our heads."

He thought that it could only be the influence of the EEC on British Government policy which had led to this being done.

● In the Lords, where there were similar protests, Lord Carrington, the Foreign Secretary, said that it was intended to set up co-ordinating machinery among the Nine to make sure that sanctions were imposed in parallel. There would also be co-ordination with other countries such as Japan.

He said the Government would "look more closely" at the difficulties over the application to renew contracts as they arose.

Asked whether sanctions would be successful he replied cautiously: "Time alone will tell."

Sir Ian sloped off, abashed

BY PHILIP RAWSTORNE

SIR IAN GILMOUR pursued *his lofty patrician approach* to the Commons yesterday—and ended up to the neck in trouble.

The Lord Privy Seal announced with engaging diffidence that the Government had agreed with its EEC partners to ban exports to Iran under any contracts since November 4 last year.

But that, protested Mr. Peter Shore, Labour's foreign affairs spokesman, was just what it had told MPs it would not do.

In all the debates on the Iran sanctions, Government Ministers had implied that existing contracts would be exempt, he said.

"Cheating, cheating," Labour MPs chanted in united support.

Sir Ian drawled that they had "not got it quite right." They should read Hansard column 919—"or 921 is better," he said. Sir Ian read it aloud and concluded that the Government had clearly reserved its position.

But no matter what the fine print said, MPs on both sides had no doubt about the impression they had been given.

Mr. David Winnick repeated that the Government was cheating; Mr. David Ennals vigorously accused him of flouting the will of the Commons.

"I do not think a point gets any stronger by being repeated three times," Sir Ian said dismissively. "Or four times," he added, as Mr. Ioan Evans made it again.

Sir Ian, still feebly waving his Hansard, now began to sink rapidly beneath the mounting pile of protests.

"The House must have been aware of the possibility . . ." he said. "No, no, no," MPs chanted.

Mr. Julian Amery *gloomily* pronounced that sanctions would probably fail—but either way Britain would suffer. Other Tory MPs, pursuing the thought, started to press the increasingly unhappy Sir Ian for Government compensation for any companies affected.

How would the sanctions applied by other EEC countries be monitored to ensure they did not take advantage of Britain's ban on exports? they demanded.

Sir Ian replied that the Government would see that "those who play cricket are not disadvantaged by the non-cricketers."

Mr. Tam Dalyell, however, was intent on ensuring that Sir Ian himself played the game.

Mr. Dalyell forcefully demanded a three-hour emergency replay of the whole *sanctions debate.* The Government could not be allowed to break the rules, especially when some £54m a month of British business was at stake.

Mr. George Thomas at first seemed inclined to declare against him.

There would be opportunities for debate, he began—but not *until after the sanctions* orders were in force, Mr. Enoch Powell and Mr. Douglas Jay quickly informed him.

The Speaker just as quickly changed his mind. There would be an emergency debate, he allowed. And Sir Ian, slightly abashed, sloped off to pad up for it.

Less than three hours later word came that the Government had decided not to defend its position. Retrospective sanctions were out—and Sir Ian would play it straight today.

Postal unions warned of staff reductions

BY NICK GARNETT, LABOUR STAFF

THE POST OFFICE has warned leaders of its biggest union that unless it agrees to local productivity deals, management will cut staffing levels and attempt to introduce new working practices to improve postal service efficiency.

Mr. Tom Jackson, general secretary of the Union of Post Office Workers, said he had been left in no doubt that Post Office management was prepared to take on the union and forcefully resist any retaliatory industrial action.

Such confrontation would be inevitable, said Mr. Jackson, if the Post Office did not seek union agreement.

The union's annual conference in Blackpool will decide today whether to support an executive recommendation permitting local efficiency schemes in areas where branches wish to see them introduced.

Mr. Jackson, in the face of considerable membership resistance to such schemes, argued that unless the attitudes of his membership altered fundamentally, postmen would suffer irreparable harm and the service would "sink into oblivion."

A detailed efficiency scheme, designed to cut overtime and some staffing levels through improved traffic handling, has already been devised by management and union officials for the London postal areas.

That scheme, and similar schemes to be introduced elsewhere, depend on firm approval from today's conference session.

The Post Office views today's decision as crucial to its operation and thinks it could have an important influence upon the Government's decisions over the future of the postal monopoly.

Local efficiency schemes are seen as even more important than the national staffing arrangements recently agreed in a ballot of the union's membership.

The national scheme had originally been rejected by a special delegate conference. In the case of local schemes, however, the union's executive says it will have no recourse to a ballot if the leadership recommendations are rejected today.

Local schemes, in which postmen would receive 70 per cent of staff savings, would provide up to three types of extra pay bonuses.

In one test case office, this could amount to about £7 a week. High overtime earners, however, who form a large minority of UPW members, would see their earnings fall.

The union leadership, in common with management, is attempting to break the existing pattern of relatively low basic pay, with long overtime working to produce high earnings. In some cases, this overtime virtually doubles the length of the normal working week.

Mr. Jackson, admitting that the posts have been providing a bad service, said the service as a whole had to change or it would "gradually fade away."

It was partly in the powers of the membership to improve the service in order to resist attempts to dismantle the postal monopoly, and to minimise the social effects of new technology.

Steel strike badly mishandled, alleges GMWU official

THE FAÇADE of unity maintained by the trades union movement in the three-month national steel strike shattered amid recriminations yesterday, writes Alan Pike.

Mr. Frank Cottam, national officer of the General and Municipal Workers' Union, told delegates to his union's conference at Bournemouth of "terrible mistakes and errors of judgment" not only by the British Steel Corporation but by some unions involved.

"There were some characters around the bargaining-table who would have had difficulty negotiating Hampton Court maze—and I am talking about finding a way in," he said.

He avoided names but left little doubt that the industry's largest union, the Iron and Steel Trades' Confederation, which made the running in the dispute, was the target for much of his criticism.

The seeds of the strike, he said, were sown 12 months before pay claims were submitted, when the trade union movement opted for free collective bargaining and the TUC's proposed concordat with the Labour Government was opposed on the general council by leaders of some steel unions.

Following the election of the Conservative Government, these same steel-union leaders found themselves negotiating a claim in a so-called free collective bargaining atmosphere for the first time.

No doubt the prospect of free collective bargaining conjured up a vision of a thriving industry, said Mr. Cottam. "They forgot the other side of the coin.

The empty order-books, the over-capacity, the fierce foreign competition, and the loss of £1m each working day."

Quoting the comment by Mr. Bill Sirs, ISTC general secretary, that the strike was intended to be a short, sharp one, Mr. Cottam said: "And this at a time when British industry had enough steel stocks to last not just weeks but several months, and the ability to get more."

A proposed settlement negotiated by the craft and general unions including the GMWU, in mid-February, was "publicly reviled by some others," said Mr. Cottam. The strike was then prolonged for a further seven weeks for an additional 1 per cent, which was then hailed as a great victory.

Wage claims will not be restrained, warns Basnett

BY ALAN PIKE, LABOUR CORRESPONDENT

TRADE UNIONS will make no attempt to restrain wage increases while the Government continues with its current economic and industrial policies, Mr. David Basnett, chairman of the TUC economic committee, said yesterday.

This forthright warning by one of Britain's most influential union leaders must increase Ministers' concern that continuing high wage settlements may jeopardise the forecast decline in inflation this year.

"The Government should be told that their attempts through exhortation to restrain our efforts to maintain and increase our members' real wages are doomed to failure," Mr. Basnett told the conference of his General and Municipal Workers' Union in Bournemouth.

No efforts were being made by the Government to restrain the rise in unemployment, the rise in inflation and the decline in living standards of those both in and out of work.

"Most importantly, no attempt is being made to reverse the appalling decline in British industry."

Mr. Basnett acknowledged that the trade union movement has lost much of its political influence and strength with the change of Government.

The GMWU had already taken the initiative by calling for a TUC ban on the use of Government money for trade union ballots, demonstrations against the Government's economic policy and a TUC review of union participation in National Economic Development Council sector working parties.

Government policies were aggravating trade union members' social and economic problems and its objective was to undermine their only defence, the unions said Mr. Basnett.

The policies were intended to ensure "that we are denied influence on the Government's social and economic policies and that we are weakened by law and enfeebled by the effect of their economic action."

Mr. Basnett, who on Sunday claimed that five national newspaper editors had attended a Downing Street meeting at which they were encouraged to undermine last week's TUC Day of Action, again attacked Press reporting of the demonstration.

"The techniques employed were, and I use the word advisedly, Hitlerian," he said.

Mr. Basnett stood by his claim that a meeting with editors had taken place and said, in response to official denials, that he did not expect the Prime Minister to give details of such meetings which had also occurred under previous Governments.

Murray tries to end Isle of Grain dispute

MR. LEN MURRAY, TUC general secretary, is to make another attempt to resolve the bitter and embarrassing inter-union dispute at the Isle of Grain power station project in Kent.

The TUC's finance and general purposes committee yesterday repeated its advice of two months ago, that the Central Electricity Generating Board should work out a solution, with arbitration if necessary, that would allow insulation laggers of the General and Municipal Workers Union to continue to work on the site.

The GMWU is protesting about a move by other unions to let their members take over the work, following a dispute about bonus payments that put the whole project in jeopardy.

Wales TUC wants job cuts agreement to be vetoed

BY ROBIN REEVES, WELSH CORRESPONDENT

AN APPEAL to Mr. Len Murray, TUC general secretary, to veto last week's steel cuts agreement between Port Talbot trades union representatives and the British Steel Corporation management was made yesterday by Mr. George Wright, general secretary of the Wales TUC.

Mr. Wright claimed the deal—which permits BSC to more than halve production at the plant to 1.4m tonnes with well over 6,000 redundancies—contradicts a joint agreement made at national level with the unions and the TUC on January 10.

This stated, according to Mr. Wright, that the TUC would ensure no union would enter into discussions with BSC on its radical cuts proposals without the collective agreement of all other unions involved—because of the serious repercussions for the rest of the economy in Wales.

The Wales TUC reckons that implementation of BSC's cuts at Port Talbot and Llanwern will ultimately result in loss of up to 40,000 jobs in South Wales, notably in transport and coal industries.

The National Coal Board, faced with a sharp decline in its outlets for coking-coal, has already embarked on a financial review of loss-making pits in Wales. This is expected to point to colliery closures and up to 7,500 job losses in the industry later this year, even though the miners are pledged to oppose, by industrial action if necessary, any closure except where reserves are exhausted.

Meanwhile, negotiations on the Llanwern cuts are due to resume today. BSC seeks to cut the workforce from 8,150 to 3,251, based, again, on an annual output of 1.4m tonnes. However, the unions will press for the workforce to be stabilised at 6,799, producing 2.56m tonnes—the plant's actual output in 1979.

Banned office-holder seeks court order

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A MEMBER of the National Society of Operative Printers, Graphical and Media Personnel, disqualified from holding union office for calling Mr. Owen O'Brien, the union's general secretary, a liar, complained to the Hhigh Court yesterday that his appeal against the ban was being unfairly delayed.

Mr. Herbert Hand, father (chairman) of Natsopa chapels (office branches) at The Observer and Daily Mail, asked the court to order the union to expedite his appeal or suspend his disqualification pending appeal.

Mr. Peter Clark, his counsel, told the Vice-Chancellor, Sir Robert Megarry, that in the background of the case were rumours and allegations that Natsopa officials had been involved in doubtful property transaction and the purchase of grugerrands an dsovereigns.

Mr. Hand alleged that at a union meeting in April last year Mr. O'Brien had said he had received only a £10,000 mortgage from the union's superannuation fund.

Mr. Hand had accused Mr. O'Brien of lying. He said an independent report on the union's finances by accountants Peat, Marwick and Mitchell showed that at the end of 1976 Mr. O'Brien's mortgage had been £28,000.

At a disciplinary hearing against Mr. Hand, Mr. O'Brien denied having mentioned £10,000, and said the £28,000 had been a bridging loan.

Three witnesses called by Mr. Hand said Mr. O'Brien had mentioned £10,000.

Mr. Hand was held to have contravened a union rule that made it an offence to insult a union official.

Mr. Clark said Mr. Hand had been refused a quick appeal against the ruling. It was important that his appeal should be heard speedily or he would be unable to stand in biennial union elections later this year.

Mr. Stuart Shields, QC for Natsopa, read evidence stating that the union's appeals committee normally sat only in November of each year. Delays for which Mr. Hand had been responsible had prevented his case being dealt with in time for an appeal last November.

The union recognised that if an appeal was not heard until November, Mr. Hand would, in effect, be barred from office for 2½ years, whatever the outcome of the appeal. But it felt that the circumstances did not merit a special appeal hearing before November.

The hearing continues today.

TGWU leaders will meet BL management this week

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TRANSPORT and General Workers Union leaders meet senior BL management on Friday to discuss a report from Eurofinance, the Paris-based management consultants, which casts doubt on the viability of the company's recovery programme.

The fact that the transport union is discussing the specially-comissioned report with the company before making it public suggests a willingness to do a deal rather than risk confrontation.

Mr. Moss Evans, general secretary of the TGWU said last night that hte report supported "substantially" the view taken by his union that the recovery plan involving more than 25,000 redundancies would not provide a long-term solution to BL's problems.

But there was a warning from Eurofinance that the TGWU should have an eye to damaging disputes. The consultants say: "From the confusion of the current situation, it seems to us that the TGWU should focus on limiting BL's exposure to short term shocks."

The transport union team will be led by Mr. Grenville Hawley, national automotive secretary, and Mr. Todd Sullivan, secretary of the staff section.

They will demand more information from BL about its plans and urge further investment to guarantee introduction of the LC 10, the new middle range car.

The outcome of the talks will be crucial to BL's recovery plans as the transport union remains pledged to support any workers who resist planned changes and redundancies.

Bid to add women to TUC council

A proposal to increase the number of women's places on the TUC general council from two to five will be put to the council and the annual congress in September.

This is all that remains of the latest attempt by moderate unions to change the general council's structure by introducing proportional representation.

JOBS COLUMN, APPOINTMENTS

Workskills: how to run things backwards

BY MICHAEL DIXON

THE CLASSICAL poets' habit of kicking off by wheedling assorted Gods to look kindly on the impending masterpiece, always used to strike me as daft. Now, however, I can see their point.

Having promised in April a series of readers' reports on the skills of managerial jobs, I'm naturally keen to produce the next instalment. But I'm nervous of doing so, on account of what beset the last one, about big-company financial management. It appeared on April 29, but only the Frankfurt editions of the *FT* were published on that day. The following week I repeated it for the benefit of those receiving the London editions . . . and the same thing happened again.

Thus, therefore and accordingly hearken, O lofty Denizens of Olympus! I give thee best over the financial-management report. So now kindly go and clobber somebody else while I print the next contribution, which cometh from a manager in Switzerland:—

"I am a pharmacist by training. I recently threw away my college notebooks and glancing through them, realised that most of the experiments noted were laboriously documented with measurements and mathematical equations. I also realised that I have never since had any recourse to the material contained in my studies, except in a very general way—which has been most useful, of course.

"Since then I have followed (successfully) a career in the pharmaceutical industry, on the whole using talents which at the outset I didn't know I had. The main ones are:

"The ability to make use of specialists such as mathematicians, nutritionists, and physical chemists, and also of production workers, combining their efforts so that a product resulted. This, however, is not just th ejob of co-ordination, because the creative impulses and decisions were my responsibility.

"The ability to solve problems—which would take a long article to explain in detail. But to put it simply: I have discovered that there is apparently an aptitude or attitude of mind which some people possess, which is conducive to finding solutions. I have trained this ability, but the nucleus which must exist before training can be effective, seems to be a trait of character. The skill has become a part of my job: I am often asked to consult on really knotty problems in other departments. But it was not specified at the outset.

"The ability to find people who can help you to get the job done. This might seem rather an odd ability. It was, however, forced on me because, although my position was officially in a marketing department, the job was essentially a technical one for which I had no facilities. I had to find ways and means, but above all people, who would help me to do my work. Sometimes I was able to offer payment, but mostly not. Even within a company, local loyalties can often mean that little interest exists for the problems of other sections. So I think the ability to awaken interest in other people is a very real asset.

"Although I did not enjoy my studies, I have enormously enjoyed—and still do so—my actual work which has been very varied, albeit within the same industry."

Main points

Since we have got this far, it seems safe to assume that the Fates are sporting themselves elsewhere. So I will now hark back briefly to the jinxed report from the financial manager, and to the previous contribution from a director of management services, printed on April 22. Both of these made, like today's parmaceuticals, manager, two particular points which happened to be also common to most of the other 35 reports generously sent by readers in response to the "Workskills" inquiry.

The first point is that the detailed knowledge associated with study in the education system and with formal professional training (the financial manager started his career as a chartered accountnt), is at best of minor importance in the managers' work.

The second point is that the skill of gaining co-operation from other people is of central importance in the same people's jobs. But it is clear that in emphasising their dependence on "social skills" the managers did not mean the ability to "get on with other folk" in the general sense. They were talking about something specific. My definition of it would be: the ability to establish and develop relationships with other people, *that are appropriate to the context in which the work has to be done.*

Between these two points from the reports, there lies what I think may be a major reason for the mismatch between the human products of formal education and professional training closely allied thereto, and the kinds of ability required for managerial work.

Here again, however, it is necessary to go beyond the detailed knowledge associated with such education and training and characterised by the managers as of little use, to the education system's broader concern. This can fairly be said to be with the mental qualities measured by the Intelligence Quotient. The main effect of formal education is to pick out people possessing these qualities to a marked degree, and to refine them by means of academic study. But it cannot be said that Intelligence Quotient denotes a general intelligence. IQ was originally instituted especially to measure aptitude for study of the academic kind. So to say that graduates generally have a high IQ, is not to say much more than that tall people are generally at least six feet long. And the following comment by Stuart Sutherland, Professor of Experimental Psychology at Sussex University, is particularly germane to the Workskills inquiry:

"... it is not known how far measured IQ correlates with insight into oneself and others, skill at conducting personal relationships or the ability to produce a good woodcarving. To the extent that abstract mental manipulations enter into all three skills, there may be some correlation, but we have at present little idea of how much. Moreover, everyday observation of others suggests that there may be little correlation between IQ and that important but evasive human quality that we term 'wisdom.' It might in fact be less misleading to refer to the quality measured by intelligence tests not as 'general' intelligence,' but as 'abstract intelligence.'"

Now, it eems clear that jobs of the kind held by the contributors could not be done by people with below-average abtract intelligence. But that is beside my main point. What the contributors positively show is that their managerial work depends less on the application of abstract intelligence—particularly in the refined form which is the object of higher education—than on a different kind of ability. It is that of establishing and developing relationships appropriate to the context of the work.

This ability, as Professor Sutherland confirmed, has not been identified with IQ, which is the main concern of academic education. But it seems reasonable to suppose that the ability could be developed by other processes during the time people spend in education: processes which give them disciplined practice in conducting appropriate relationships, such as the running of school societies and participation in team games.

The only trouble is that over the past decades education has generally placed reducing emphasis on above-average-IQ youngsters' engaging in such activities, so that they might better concentrate on academic study. Thus the educational tendency has been away from the skills central to managerial work, in favour of those which are of relatively minor importance.

While I now see the point of the Classical poets' opening importunities, I shall never see the point of that tendency. It is daft, and it can become only still dafter. It needs to be reversed, immediately.

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FINANCE—CITY

Insurance company has a vacancy offering involvement and positive prospects in the short term.

Age 25/30 with qualifications in accounting or law or business experience if a graduate.

Applicants must have a positive interest in commerce and industry and all allied matters. They must be able to effectively communicate in written material and at meetings with senior management.

Initial salary will depend upon experience and will be reviewed after six months. Other benefits include mortgage.

Write Box A7146, Financial Times 10 Cannon Street, EC4P 4BY

Personal Assistant

required for the Managing Director of a successful South Hampshire group of private companies, for health reasons taking a less active part in conduct of business. Age group 27-32 years, capable of working on own initiative. The successful applicant will be accountancy trained but orientated towards the analysis of business problems and solutions and prepared to work hard with a young management team, as an economic controller as opposed to systems person. Good salary and benefits offered, with unlimited opportunity in the future.

Reply in confidence to Box A7152, Financial Times 10 Cannon Street, EC4P 4BY

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GENERAL MANAGER–COMMERCIAL BANKING

A Major European Bank plans to appoint a General Manager to head the commercial banking activities of its newly established London operation.

Candidates will have 10 to 15 years of Banking experience in the City with a sound knowledge of the sterling money market, sterling debt instruments, ECGD financing, and all forms of trade financing. He/she will be fully conversant with Bank of England regulations and reporting requirements and have proven ability in both business development and administration.

Responsibilities will include the establishment of a commercial banking department, in parallel with the existing Eurocurrency activities, to develop and manage banking relationships with UK clients. Age is not of primary consideration but professional maturity and creativeness are essential. The appointment offers a generous base salary (from a minimum of £20,000 strictly depending on experience and ability), mortgage and personal loan scheme and a unique opportunity to participate in a new banking establishment in the City.

In the first instance please contact
RICHARD MEREDITH on 623-1266.

First Floor - entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

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b) Experience in the Oil Industry.
c) Experience in Computerised Financial Systems.
d) Ability to communicate in ARABIC.

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This is considered a key position in the management team of this new company. Reporting directly to the Chief Executive the person appointed will be responsible for formulating the financial and accounting policies as well as their implementation.

This is a most challenging opportunity for a qualified accountant with a proven track-record who will respond imaginatively to the demands required of him/her during the formative period. Confident and able to conduct negotiations at the highest levels with Banks and Financial Institutions, the successful candidate also will have the opportunity to contribute to the development of the Company in a very real sense.

Applicants will recognise that the salary will be in accord with the seniority of the position. *It is not, however, expected that they will be earning less than £15,000 p.a. in their present position.*

Please write or telephone for an application form which should be returned completed by 30th May 1980 to:—

Mark R. Dobbyn, Irish National Petroleum Corporation Ltd.
27 Harcourt Street, Dublin 2. Telephone No: 757991.

Irish National Petroleum Corporation Limited

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Box A7161, Financial Times, 10 Cannon Street, EC4P 4BY

All enquiries will be treated in the strictest confidence

ANNOUNCEMENTS

An announcement by

KUALA LUMPUR KEPONG BERHAD (KLKB).

KLKB regrets to announce the retirement on 14th May 1980 of Mr. Raymond Quinlan F.C.I.S. as Managing Director of Kuala Lumpur-Kepong Investments Limited

Ray Quinlan has been associated with companies in the Group for 27 years during which time he has served the Group successfully with a loyalty and integrity which has made him respected by all who know him. We wish him every success in the future.

APPOINTMENTS WANTED

per Single Column Centimetre

EXPERIENCED ARCHIVIST. Researcher. Librarian seeks London situation. 01-242 2352.

COMPANY NOTICES

CECA 10% 1975-1982 LOAN OF FF 125,000,000

Notice to holders of bonds of the issue -10% 1975-1982 of FF 125,000,000.- made by the European Coal and Steel Community.

The Commission of the European Communities announces that the annual instalment of bonds amounting to FF 5,000,000.- has been purchased for redemption on June 15, 1980.

Principal amount unamortised after June 15, 1980: FF 105,000,000.-

Not yet presented drawn bonds:
Reimbursement 15/6/78:
Nos. 20550 to 20558
Reimbursement 15/6/79:
Nos. 21777 to 21778, 21790, 21804, 21820

Date of publication: May 20, 1980.

EUROFIMA 1978/1985 8½% U.S.$ 20,000,000 Loan

Notice is hereby given to Bondholders of the above loan that the amount redeemable on July 1, 1980 i.e. US$800,000 was bought in the market.

Amount outstanding: US$19,200,000.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg, May 20, 1980

New Business Manager c.£8,000+car

Untapped Marketing Potential. Trapped in a Financial Role?

You've extensive financial experience in the accounting or leasing sector but feel your natural marketing ability is going to waste? Then there's a great future for you in Invoice Factoring. Our client, one of the longest established and most successful factoring houses in the UK, is looking for an ambitious self-starter to fill a vital management role, developing business in a large area of the Midlands.

If you're aged 28-40 and looking for a chance to use your drive and flair for marketing in an area that offers plenty of challenge with rewards to match—you've found it. An in-depth training programme will equip you with all you need to know about factoring and the essential part it plays in modern commerce. Operating from your base in Coventry and working on your own initiative, you'll have every opportunity to display your business acumen and judgement. You will be in constant liaison with Accountants, Bankers, Solicitors, and a wide spectrum of business from small firms to large companies. So your confidence, personality and ability to communicate at all levels is all-important.

Apart from the highly lucrative salary there's a generous company package including car, free PPP and attractive bonus schemes. Sounds like the kind of challenge you've been looking for? Then write enclosing CV, to: Tony Justin, Recruitment Consultant, MCS/Robertson & Scott Recruitment Ltd., 179-199 Shaftesbury Avenue, London WC2H 8AZ.

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£6,000 accountancy appointments £9,000

Financial Accountant

Berkshire **c£8,000 p.a.**

Our client is a highly successful, expanding British subsidiary of an American Company which manufactures and markets worldwide an exclusive range of sophisticated business products and supplies. An outstanding growth record and an internal promotion creates an excellent opportunity.

In a role essential to effective management, your major responsibilities will embrace the co-ordination, preparation and interpretation of monthly financial accounts for all U.K. operations to report to the parent company and local management. Working to tight deadlines you will prepare and evaluate management statistics and undertake 'ad hoc' studies contributing to corporate success. You will have unlimited scope for personal development.

Aged 23-30 years, ideally a qualified accountant, self-motivated and ambitious, you will have experience in a successful private/commercial or industrial accounting environment. Your experience will include staff control and computerised accounting systems.

Excellent benefits include a non-contributory pension scheme and free life assurance. Relocation assistance will be given where necessary.

For further details, applicants male or female, please telephone Bob Thorpe on Henley (04912) 77007 or write in confidence to:

Coates-Johnson Ltd
Executive Recruitment Consultants
62 Bell Street, Henley-on-Thames Oxfordshire RG9 2BN.

Young Financial Accountant

We're moving ahead
Are you?

J. I. Case are amongst the world leaders in the manufacture and marketing of construction, earth-moving and agricultural equipment. We are a multi-national organisation which has recently moved its European headquarters to Weybridge in Surrey.

We are now looking for a young Accountant in his/her early 20's who has recently qualified and feels that now is the time to move on and take on a more demanding role in a company offering wider commercial experience.

Working under the Reporting and Accounting Manager you would be responsible for a wide range of activities for headquarters including budgets, management accounts and information, inter-company billings and internal controls. You would also be taking up a career opportunity which offers excellent prospects and scope to forge ahead in a growing organisation.

A salary reflecting qualifications and experience will be offered plus a generous range of big company benefits.

Please write with full personal and career details to Mrs. M. C. Husby, Manager Employee Relations, J. I. Case (Europe) Inc., Case House, 45/47 Monument Hill, Weybridge, Surrey KT13 8RL.

case

BRAZILIAN INVESTMENTS S.A.

SOCIEDADE DE INVESTIMENTO — DECRETO LEI No. 1401

INTERNATIONAL DEPOSITARY RECEIPTS ISSUED BY MORGAN GUARANTY TRUST CY OF NEW YORK

Interim dividend of US$86,689 net per IDR (first series) and of US$49.184 net per IDR (second series), in respect of the period ended March 31st 1980, is payable on or after May 9, 1980 upon presentation of coupon no. 9 for the first series and coupon no. 4 for the second series at the office of Morgan Guaranty Trust Company of New York in:

Brussels — 35, avenue des Arts
London — 1 Angel Court London EC2R 7AE
New York — 30 West Broadway New York 10015

representing a gross dividend of 48 per cent per cruzeiro share, less withholding tax of 15 per cent and expenses of US$0.505 per IDR.

GADEK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that the half-yearly interest of 10% per annum will be paid on 30th June, 1980, to debenture stockholders whose names appear on the register of members at the close of business on 16th June 1980.

By Order of the Board.
OH KIM SUN
MAK HING KWAI
Secretaries.

Ladang Pinji,
Lahat,
Perak.
Date: 20th May, 1980.

J. LYONS & COMPANY LIMITED (CDRs)

The undersigned announces that the deposited property for the still outstanding CDRs of ord. shs. Lyons and of 7% conv. red. cum. pref. shs. Lyons has been sold.

As from May 29th, 1980 can be obtained at Kas-Associatie N.V., Spuistraat 172, Amsterdam, against delivery of the CDRs Lyons:

a. for each CDR of ord. shs. Lyons: an amount in cash of Dfls. 156.41 (including Dfls. 15.71 dividend still due);
b. for each CDR of 7% pref. Lyon. à 50 shs.: an amount in cash of Dfls. 191.96 (including Dfls. 19.28 dividend still due).

This dividend relates to special div. 1.4p per share per 13.10.78 and second interim div. 2.99p per share per 1.3.79, the final div. per 3.8.79 1.8314p per share and the interim div. 2p per 29.2.80 per share Allied Breweries Limited.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam.
May 14th, 1980.

LONDON BRICK COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT:

1. The Transfer Books and Register of Preference Stock will be closed on 17th June, 1980.
2. The Transfer Books of the 14% Convertible Unsecured Loan Stock will be closed on 17th June, 1980 for the preparation of the Interest Warrants payable on 15th July, 1980.

By Order of the Board,
H. D. HOWE, Secretary.

Registrars:
The General Agency & Trust Limited,
Bourne House,
34, Beckenham Road,
Beckenham,
Kent. BR3 4TU.

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CONTRACTS AND TENDERS

SYRIA

PUBLIC ESTABLISHMENT OF ELECTRICITY FINANCIAL AFFAIRS—CONTRACTS' DEPARTMENT

Announcement for the extension of closing date of presenting offers

PEE announces for the extension of closing date for presenting offer of tender call No. 971 concerning the construction of administration building until 10 o'clock of Tuesday morning 1.7.80.

The unfolding of the offers will be in an open meeting at the above mentioned hour and date.

Damascus, 4/5/1980.

GENERAL DIRECTOR OF PEE
ENG. R. IDRISS.

PUBLIC NOTICES

HAMPSHIRE COUNTY COUNCIL
£25m 28 day bills issued 16.5.80, due 13.6.80 @ 16 1/64%. Total applications £135m. Other bills outstanding £50m.

TRAVEL

GENEVA, Basle, Zurich and Berne. Widest choice of cheap flights from 4 U.K. airports. Brochure, FALCON 01-351 2191.

APPOINTMENTS

Senior executive post at Standard Chartered Bank

Mr. Stuart Tarrant

Mr. Stuart S. Tarrant has been appointed a general manager of STANDARD CHARTERED BANK and joins the executive management in London to fill the post of chief financial officer. Mr. Tarrant was previously with the Grand Union Company in the U.S. as chief financial executive.

★

Mr. Eric Sidebotham has been appointed managing director of PPD ENGINEERING, a member of the Laurence Scott Group. Mr. Sidebotham has been managing director of Thorn Automation since 1972.

★

Mr. H. L. Cleaver has been appointed a non-executive director of R. J. BARWICK AND SONS. Mr. Cleaver was, until retirement, director and financial controller, of Tilbury Contracting Group.

★

Following his appointment as president of Precision Components, Inc., of the U.S., Mr. J. Alfred Reeves, formerly managing director of Weyburn Engineering, has resigned as director of international operations of the CARBORUNDUM engine components division.

★

Mr. Gerald E. A. Perutz, until 1977 general manager of the Bell and Howell European Region, has been elected to the Board of BELL AND HOWELL COMPANY, the parent firm in the U.S. The first European to become a director since the company's formation in 1907, he left England to become a corporate officer at the Chicago headquarters three years ago. Two other newly elected directors of Bell and Howell Company are Mr. L. W. Kanaga, a senior vice president until his retirement earlier in the year, and Mr. J. J. O'Connor, chairman and president of Commonwealth Edison Company, Chicago.

Mr. Gerald Perutz

★

Mr. Frederick J. Keeder and Mr. Ian D. Mathieson have been appointed to the Board of COMMERCIAL UNION PROPERTIES.

★

Mr. P. J. Saunders has been appointed managing director of BOWSER FILTRATION, a subsidiary of Keene Corporation. Mr. Saunders was previously with GEC Power Transformers and succeeds Mr. W. H. Jones who has retired.

★

Mr. Duncan Wright has been appointed managing director of AUTO CONTRACTS GELCO.

Sir William Pile has been appointed to the Board of the DISTILLERS COMPANY.

★

Mr. T. M. Millar has been appointed manager of the Chelmsford factory of RHP BEARINGS. Previously manufacturing manager, he joined RHP in September 1979 from Hoover's Cambuslang plant. Mr. Millar succeeds Mr. E. McCoy, following the latter's appointment to the main Board of Ransomes Sims and Jefferies.

★

Mr. Don Love has been appointed area manager at Liverpool Street station in succession to Mr. Ted Savory who recently retired.

★

At a meeting of the INCORPORATED SOCIETY OF BRITISH ADVERTISERS' COUNCIL, Mr. Peter J. Prior, chairman of H. P. Bulmer, was nominated as the next president of the ISBA, to take over in July 1980 after the annual meeting. Sir Adrian Cadbury, who has been president of the ISBA since 1978, will be nominated as the new vice president in succession to Sir John Hedley Greenborough.

★

Mr. C. R. C. Morgan, finance director and company secretary of FINNISH PAPER AND BOARD SERVICES, is to resign from May 31 to concentrate on developing his private interests in financial consultancy, manufacturing and computer bureaux.

★

Mr. J. A. Hope has resigned as group managing director of NEGRETTI & ZAMBRA to take up a post with Wilkinson Match.

★

Mr. A. M. Kyd and Mr. P. Negus have been appointed senior executives with responsibilities within the Latin American region at MIDLAND BANK INTERNATIONAL.

★

Mr. Martin C. Bowen has been promoted to senior vice president and general manager of FIRST CITY NATIONAL BANK OF HOUSTON'S London branch.

★

Mr. Robert A. Walker has been appointed group sales director of the NORTH WESTERN TRAILER COMPANY, a member of the Howe Group.

★

Mr. Geoffrey Hamlyn, county architect of the Cheshire County Council, has been elected president of the SOCIETY OF CHIEF ARCHITECTS OF LOCAL AUTHORITIES.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Amro Bank	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	19 %
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	18 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs. Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	17 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%. 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Battle of the laminates

A HOUSEHOLD word, considered a generic term, and more than 34 years old is Formica—name of the company and the product. In marketing terms it is a mature product that has come a long way without gathering moss, but gloss.

The company is now out to attack that segment of the UK market which is dominated by imported laminates. It has a multi-million pound investment on Tyneside which houses sophisticated equipment and installations supplemented by a re-equipped customer service facility and a new marketing strategy aimed at providing a UK-made alternative to foreign laminates which currently enjoy a considerable share of the home market as a result of their competitive pricing.

Part of the strategy will be to move the company's Maidenhead research centre to the Tynemouth factory (creating 60 scientific jobs for the North East) which means that all areas of activity will be concentrated here.

A major item in the company's current capital investment programme is an electronic six-colour Rotogravure printer from Windmoller and Holscher, West Germany, which is capable of handling webs up to 1620 mm wide.

With the bringing into service of this machine, Formica now has the full advantage of computer control at production level with control equipment which includes: precise registration control: ink viscosity control: a scanner permitting inspection of the web while in motion: a fault finding system allowing rapid fault analysis: and a device which monitors the quality of the surface papers.

The customer service facility is linked electronically with production planning, progress management and inventory control functions, which provide customers with virtually instantaneous information on the progress of their orders.

Because it is making a determined counter-thrust against imported laminates (which currently enjoy a third of the UK market), the company has revitalised its Decamel range with prices remaining at the November 1978 level.

From an earlier range of 31 designs, 15 have been withdrawn. The addition of 24 new designs brings the revised range to 40 items, including 10 woodgrains, seven patterns, three marbles and 20 plain colours. Standard sheets are 10 x 4 ft, but selected designs may also be available by negotiation in 12 x 5 ft size.

The company feels that with this range backed by aggressive selling, it should make a big dent in the market share of imported laminates.

A new range of DIY components under the product name Craftform (Formica decorative laminates ready-bonded to a chipboard core in a number of forms) have found a local market place in a test-market operation at the Dickens Home Improvements Hypermarket, Shiremoor, near the company's Tynemouth factory.

Offered to the DIY enthusiast who may be tackling the modernisation of an older house, the products are all compatible with each other, and the variety of daminate designs allows them to be used in every room in the house.

The company has just started to manufacture laminate clad boards to meet the requirements of BS 4965:1974, available in the full range of decorative laminates, including special artwork, under the trade name Lifeseal.

Seven types of composite board cover specifications from light duty minimum impact requirements to heavy duty, high impact and high humidity resistance. Three plywood core type boards also include flame retardant versions to the same classification. Particularly interesting is Type H/S—said to be the UK'st first laminate clad cement chipboard made up of 12 mm cement chipboard surfaced with Formica flame retardant grade decorative laminate.

DEBORAH PICKERING

Reassembling a gearbox at a West Midlands steel strip rolling mill after repair of all three sets of bearings and shaft journals by Deritend Electrical Services, a member of the Deritend Group. The gearbox, which drives the finishing stand of a mill failed in service when the water supply to the cooling jacket was interrupted causing overheating and ignition of the lubricating oil within the box. Bearings were damaged and journals scored. Shafts were polished to restore the bearing locations and replacement white-metal and phosphor-bronze bearings scraped to fit on site.

● DATA PROCESSING

Machines capability increased

DATA PROCESSING division of IBM UK has disclosed the IBM 4331 Model Group 2, offering 1, 2, 3 and 4 megabyte storage.

It uses the same 64K-memory and 704-circuit chip technology as in the IBM 4331 and 4341 processors and, says IBM, existing 4331 Model 1 processors can be field upgraded.

Principal aspects include an 8K-byte high-speed buffer and 128K-byte of reloadable control storage to accommodate standard functions and special features requiring microcode.

Remote monitoring of system performance and problem diagnosis capabilities is possible through integrated service processors.

Developed in Boeblingen, Germany, the new processor will be manufactured in Mainz, for Europe, Middle East and Africa. First customer shipment is scheduled for the last quarter of 1980, with upgrade shipments beginning in the first quarter of 1981.

Typesetter for Arabic

RESEARCH ENGINEERS of the Compugraphic Corporation (which claims to be the world's leading maker of computrised phototypesetting systems) started a project two years ago to make its equipment available to the Arabic-speaking peoples—and now announces the EditWriter 7800.

Derived from the company's high-speed EditWriter 7700, the new model has a random access memory and the operational routine is loaded into it every time the machine is turned on.

Another major difference between the new model and its predecessor is in the video screen—the 7800 has a microprocessor operating the screen alone, with 512 characters available for display.

Arabic and Latin characters appear on the same line in the 7800—not only out of the photounit, but also on the operators' screen, and to obtain bi-lingual composition, it is programmed to use special fount strips.

Distributor is M. H. Whittaker and Son, Wetherby, West Yorkshire (0937 61944).

● INSTRUMENTS

New products from streamlined plant

FOLLOWING decisions to embark on significant development programmes for compact, fast but inexpensive electrosensitive printer units, English Numbering Machines, part of the Rank Organisation, has moved into a new 70,000 square feet factory at New Southgate in North London.

But the company, turning over in excess of £5m and employing almost 500 people, is still one of Britain's biggest producers of mechanical and electromechanical counters which in production terms involves 32 injection moulding machines of several kinds turning out about 2m components each week, mostly small numbered wheels for the counters.

At the new factory location very little is bolted on to or built into the shop floor: to be ready for any product in the counting and printing fields, the production space can be reconfigured at any time. All permanent plant is placed outside the factory and power supplies to shop floor are derived from overhead bus-bars.

An efficient flow of materials, parts and assemblies through the factory is now possible—a far cry from theeight ageing, separate buildings occupied at the old Enfield location. Further streamlining is provided by an IBM 3740 computer now in use for stock and production control.

The whole move has been conceived, planned and carried out in about 18 months and deputy chairman David James, largely responsible for the re-shaping of ENM, described it at the formal opening last week as a good example of "British industry getting off its backside and putting itself in order."

The company is making a big marketing effort with the new ESP40 electrosensitive printer: there are now 250 in the field and the up to ten off price has now been set at £414.

A preference over foreign imports of similar units has been shown by the Post Office which will be taking about 2,500 printers for its MAC (measurement and assessment centre) telephone exchange performance project, while the National Coal Board has placed £50,000 of orders for a scheme thta will plot the velocity of shaft cages in, ultimately, 200 mineshafts throughout the UK.

Both Plessey and Ferranti are assessing the unit, the former for a military system and the latter for an electricity demand monitoring unit. The Home Office is also conducting trials in the use of ESP 40 aboard fire engines for data reception at the scene of the fire, over a radio link.

Further developments of the technique are in hand. For example, to avoid having a moving print head a paper-width head is being planned: the only moving part will then be the paper transport.

The company is also able to interlace the ESP40 direct to a television set for the production of hard copy of teletext and viewdata material—a market admitted to be somewhat embryonic at the moment.

In 18 months or so however, an announcement seems likely in the fast, quiet and versatile ink-jet printing area: early prototypes already exist.

It is a further diversification which can only mean that turnover in printers, 12.5 per cent of the total at the moment will rise further. Eighteen months ago it was zero.

GEOFFREY CHARLISH

Measures the current

THE APPLICATION of the microprocessor to measuring instruments continues apace, providing facilities and a degree of convenience of operation that are a far cry from the instruments of a few years ago.

Latest unit from Keithley Instruments is intended only for voltage, current and resistance measurements, but if the electrometer input options are employed it can measure currents from well below one picoamp up to two amps, voltages from 10 microvolts to 200 V, and resistance values up to two million megohms and down to a tenth of an ohm.

It can have two channels in operation so that while one, for example, is measuring voltage to ground at one point the other can be checking current in an independent branch of the circuit. The micro will then compute ratios or differences of the channels. If desired up to 50 of the readings taken can be stored for use at a later moment. Similarly, offsets can be automatically subtracted from readings.

Ranging can either be automatic, or the ranges can be "inched" up or down by button depressions. Both channels can be fed into an IEEE 488 bus for automatic instrumentation system use.

More from 1 Boulton Road, Reading, Berks. (0734 861287).

Tools for metrology

ONE OF the country's biggest tool distributors, Draper, has come out with a new range of precision measuring instruments that are manufactured to the company's specifications in countries as diverse as India and East Germany but will carry the Draper name in the UK.

Micrometers will be available in both imperial and metric calibrations from one inch (25 mm) to 24 inches (600 mm), and the top of the range models will be equipped with electronic digital displays.

A considerable variety of dial gauges and accessories is also to be launched including clock gauges in inches and metres, dial test indicators, holders, thickness gauges, comparators and magnetic stands.

Other items include gauge blocks in high chrome steel available in stepped sets (0.001 in or 0.001 mm) and conforming to appropriate British Standards.

Toolmakers' microscopes form part of the range and a number of profile projectors are also to be introduced.

More from B. Draper and Son, Hursley Road, Chandlers Ford, Hants SO5 5YP (04215 66355).

● METALWORKING

Will trim wire mesh

DESIGNED FOR shearing the surplus edges from mesh panels and similar products without damaging the mesh (common problem with traditional reciprocating-arm trimmers) is the Rototrimmer from Hudson Forge, Foundry Street, Birds Royd, Brighouse, West Yorkshire (0484 713285).

The machine comprises a revolving disc, fitted with blades, and measures 0.5 x 0.25 x 0.25 metres. It is compact, can be bench mounted and easily transported and is said to be smooth in operation with only minimal vibration. Power may be single or three phase.

Robust sensors

INDUSTRIAL STANDARD platinum resistance thermometers developed for use by large companies which have in-house calibration laboratories or measurement service departments have been announced by Sensing Devices, Tithebarn Road, Southport, Lancs. PR8 6AG (0704 35739).

These devices consist of very small spirals of aluminium housed in the bores of multi-bore high quality alumina tube. Glass adhesive holds a small section of each turn of the spiral firmly in position after firing. The grades of platinum, alumina and adhesive used have compatible coefficients of expansion so that the sensors give consistent readings and do not suffer from mechanical strain even after repeated thermal shocks. Useful temperature range for long term stability is 0 to 450 deg. C.

Sheathed in pre-aged and temperature stabilised stainless steel, the units are 450 mm long and 6 mm in diameter. Full calibration data is provided.

Analyser aids dairy production

WORKING ON commercial applications of technology developed by Mr. John Shields, a graduate of York University, the Berwind Corporation of Philadelphia, U.S., opened a new 5,000 sq ft facility at Wheldrake, six miles south east of York, to handle the Multispec infrared dairy products analyser made and marketed by the firm.

Multispec, which goes on an ordinary workbench, can produce in 20 seconds a four-part analysis of samples of milk and milk products. In addition to an almost instant analysis of fat, protein, lactose and solids contents, the unit can provide data in other food fields such as starch, oil, protein and moisture in grain, and to cheese, yoghurt, ice cream and other milk products.

Berwind, Shields, and a research team at York University, are working closely together on problems in the field, York being financed by a £100,000 grant from the Wolfson Foundation.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The trail to India—slow but sure

Hazel Duffy looks at the investment hurdles in one of Asia's most industrialised economies

MINISTERS and businessmen who flocked to China over the past couple of years are mostly still waiting for the magic orders to materialise. It may well have ben more worth their while had some terminated their trips in India.

This huge country presents many baffling barriers to the aspiring investor/exporter but probably no more so than most developing countries. In addition, there continues to be a lot of goodwill towards, and comon background with, British companies, which they have not always used to advantage.

There can be no denying that India presents many frustrations for its own businessmen, let alone for the outsider. As a centrally-planned economy, livences have to be obtained for almost everything, and the negotiation is lengthy. In spite of the formidable bureaucratic hurdles, however, many companies still think it worthwhile to break into this market.

The experience of JC Bamford, which to make construction machinery in India, provides an example.

In accordance with Indian requirements, JCB had to nd a majority partner domiciled in India. JCB chose Escorts, a big engineering group just outside Delhi. Escorts made all the representations to the Government for the necessary licences. and the joint venture agreement was signed in February 1979. It was decided that a complete new factory would be necessary, and the land was bought the following month.

The building programme has been held up by the continuing power cuts which are affecting the whole of India this year, and construction work has had to be planned around the days when power is available. Diesel fuel is also in short supply, and this has delayed deliveries of essential materials. In view of thsee interruptions, it is not surprising that JCB's "man on the spot" describes progress as "laboriously slow."

On other fronts, however, events have shown that not all the problems are insurmountable. Many of the components are being supplied from JCB in the UK and the company says that careful planning has helped them on this score; parts have cleared customs in less than two weeks. The main frame and drive axle is being supplied by Escorts. While the new factory is awaiting completion, which should be in a few weeks, assembly of the first run will take place at another factory. In the main, JCB remains optimistic that the venture will work well, and is convinced that India presents a big market for its backhoe loader.

Trevor Humphries

Escorts' motor cycle factoyr near Delhi—the company is broadening its activities through a deal with Yamaha. It is shortly to start production of J. C. Bamford's excavator loader.

Escorts, like many Indian companies, is prepared to look at technology from all parts of the world, and has just signed an agreement with Yamaha for the manufacture of a new motorcycle.

This way of acquiring expertise has studded Indian industry with a "cocktail of technologies," much of which has now been assimilated and added to so that it has become indigenous expertise. According to a study carried out recently by the Association of Indian Engineering Industry, over 5,300 foreign collaborations have been approved by the Government over the past 22 years. Indo-British collaborations constituted 23 per cent, and of this total of 1,238, some 75 per cent have been in the engineering industry.

The outcome of these collaborative ventures is that India now has a well-developed industry in mechanical products, such as diesel engines, automotive components, machine tools, hand tools, forgings and castings, etc., as well as in items such as tractors, cycles and scooters. The Government's emphasis, however, has been on import substitution rather than specialisation for export, which has resulted in a very wide spread of industry.

Exports

With India's balance of payments situation becoming more acute, mainly because of higher-priced oil imports, the Government is belatedly hoping to push up exports of industrial products, particularly to the developed world. In the past few years, India has already relaxed some of the bureaucracy surrounding the import of vital components and materials, and there have recently been moves to cut out some of the red tape involved in exporting. A big industrial fair is also being held in Rotterdam this week (May 19-23) where it is hoped to impress upon European buyers that Indian industrial products offer good quality and value.

At the same time, a conference will be held (also in Rotterdam) where some of India's leading industrialists will attempt to explore with European companies those areas where there could be mutual benefits in transferring technology to India, either by outright purchase from Europe or through collaborative ventures. They will hope to give a boost to the idea of promoting joint consultancy projects in various countries, particularly the Middle East. India has been keen on for some time, but has not progressed very far.

The conference will also consider an extension to other countries of a pilot project which the Association of Indian Engineering Industry has been carrying out with the Confederation of British Industry in the UK to promote engineering links between the two countries.

Product promotion, however, is only the beginning of India's task of winning markets in the developed world. Much more challenging will be the job of winning orders for those types of product which are being priced more and more competitively by all manufacturers at a time of little or no economic growth. Discussions with officials and businessmen give the impression that the scale of the task, and the professionalism with which it needs to be tackled, have hardly yet been touched upon.

In Government ministries, some senior civil servants are progressing towards the realisation that India must be more welcoming towards foreign companies. Although companies entering into collaborative ventures are rel quired to take a minority shareholding (a maximum of 40 per cent), they point to areas of "high technology" where exceptions are being made, in one case with a British electronics company which has a 90 per cent share.

Similarly, there is a dawning realisation that India will have to import equipment for the modernisation and expansion of such basic industries as steel, mining and transport. Otherwise, the interruptions to the supply of basic necessities, like power, will continue, making a nonsense of the promotion of industrial exports.

The recent agreement signed with Alumina-Pechiney of France for the construction of an aluminium plant provides for technology and credit to be supplied from France. Civil servants say that this sort of bilateral deal, which is new to India, will also be pursued for a planned coastal steelworks, for which the British Steel Corporation and Davy are bidding, along with Mannesmann Demag. The first project, and possibly the second, will include the sort of financing and buy-back deals that the Chinese are demanding in return for contracts placed with Western companies.

These expressions of progress, however, have to be tempered by the fact that in most cases they have not yet been translated into reality. Politics has paralysed India for the past 18 months, and 1979 was a very bad year for industrial production. So far, Mrs. Gandhi has given no indication that she intends to give greater priority to the private sector, which is the source of the bulk of India's industrial exports. But everybody is hoping that once the state elections are out of the way, there may be more encouragement.

India's need now is to update its industry, and to do this it will continue to require foreign technology.

One company that would like to move into more advanced technology on a bigger scale is Hindustan Machine Tools. Set up by the Government to get the machine tool industry started, it now makes many other products from watches to fluorescent light tubes. Exports, however, are confined to machine tools, where HMT has built up a considerable reputation even in sophisticated markets. Its products are still mainly in the standard machine tool range, but it would now like to find more acceptance for its numerically controlled machine tools.

These have been designed and developed largely with HMT's own expertise. HMT is also selling its expertise in Standard Machine Tools by helping to set up factories in Nigeria and Algeria.

The market in India for sophisticated machinery is small, and mainly to public sector industries like aerospace. This highlights a problem which is common to other companies advanced technology on a comwanting to move into more mercial scale, namely that the home market, in spite of being huge in population terms, is still very small for such products. If HMT could find more buyers in India for its NC machine tools, it would enable it to build up sufficient volume to pursue exports.

The company is conscious, however, that at the same time countries like Taiwan and South Korea are developing their machine tool industries in preparation for exports. In spite of Indian costs being low, HMT says its prices are still higher than those of other Asian exporters. One reason is that social costs — HMT, like many companies, provides housing for many of its employees—are high. There is also considerable over-employment.

As in the case in any country, India has some very good companies and others which are not so good. Manufacturers enjoy a highly protected home market, which has not always acted as a spur to turn out products which can compete internationally, particularly as regards design, packaging, general presentation and servicing. Things are changing, however, as customers are demanding more sophisticated products at home.

Manufacturing capacity is another problem with which Government and industry will have to grapple if they are to achieve their export targets. The official plan for engineering, for instance, is that exports, which totalled R2,650m (£147m) in 1977-78 (of which only R556m went to hte EEC), will increase tenfold over the next decade. If the industry is to achieve anything like this target, it will need a lot of technical help from abroad to fill some of the present gaps.

In certain cases, the Government machine has specifically encouraged expansion projects, although more with the home market in mind than exports. Ashok Leyland, for example, in which BL has a majority stake, is in the midst of an ambitious expansion programme. Official permission has been readily given for the import of foreign technical help.

Most industrialists in India are quick to say that they expect the new Government will inject "discipline" into the trade unions, and that the future will see a return to growth. There are still a lot of imponderables in trying to predict the way that India will go. It has always been a difficult country to assess from the industrial point of view, lacking, for example, the aggressive capitalistic ambitions of some of its Asian neighbours. But there is undoubted potential, which the Rotterdam conference will seek to highlight for both European and Indian companies.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Reopening agreed tax

We received a letter from H.M. Inspector of Taxes confirming their determination of 1977-78 liability of our company after full submission of all necessary documents and other information. Subsequently, we received notification that they wish to amend their determination on the grounds of a re-interpretation of facts which they had in their possession from the start.

Can H.M. Inspector of Taxes change a decision reached by him and accepted by the company's auditors and, if so, when can companies consider their tax decisions as final?

The short answer to your final question is "After the sixth anniversary of the end of each accounting period," by virtue of section 34(1) of the Taxes Management Act 1970.

The first part of the question (as to the limitations upon the power given to tax inspectors by section 29(3) of the Management Act) is much discussed in the standard works on the Taxes Acts, and you must rely upon the technical knowledge of the company's auditors (or solicitors) to guide the board as to the likelihood of the inspector being successful in his attempt to reopen agreed matters. The case which inspectors like to quote in situations like this is Jones (Inspector of Taxes) v. Mason Investments (Luton) Ltd. (43TC570), but taxpayers counter this with the judgment in Cenlon Finance Co. Ltd. v. Ellwood (Inspector of Taxes) (40TC176).

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

Expanding into inflation

BY PETER RIDDELL

A KEY failure of the last Government was that the leadership did not succeed in making its policies understood—let alone accepted—by Labour supporters. The result is that the debate about economic policy since the election has been depressingly blinkered.

The classic illustration was the recent collection of Fabian essays (Labour and Equality) looking back at the last Government's record. Many of the contributors (with a few notable exceptions) appeared to be like Rip Van Winkle. They seemed to have slept through most of the last decade, innocent of either the economic events of the period or the policies of the last Government. Awakened by the election, many discussed policy with prejudices largely unchanged since the early 1970s.

Dilemmas

Now another, and partly overlapping, group of Fabians has produced its economic strategy for the 1980s. At least the authors cannot be accused of having slept through the last decade. Several were actively involved in advising, forecasting and reporting on the events of the period. They are fully aware of the policy dilemmas which have appeared and discuss them honestly and clearly. Yet this recognition has not dimmed their enthusiasm for the solutions of the early 1970s (with only a few modifications).

Their package is mostly Old Cambridge with only a sprinkling of the New variety. It is solidly expansionist with public spending growing by £2bn a year (at 1975 prices) split evenly between current and capital programmes, a £1bn increase in capital taxes largely financed from rising North Sea oil revenues and a 10 per cent tariff on imports of manufactured and semi-manufactured goods plus a 10 per cent devaluation of the pound.

The authors argue that this package would result in a 7 per cent higher level of output by 1984 and 1.2m less unemployment than if present policies are continued. This is based on the use of the Treasury's economic model with comparisons between an unstated base run of present policies and the recommended package.

The forecasting model is, however, used like some kind of oracular source of revealed truth. There are, for example, a number of references to "we asked the Treasury's economic model to tell us what would happen if . . . ." That is not a sure foundation for an alternative approach at a time when the art of economic model-building is undergoing such a major reappraisal.

The more fundamental argument concerns the authors' belief in the Government's ability to manage the level of demand with public spending as a major engine of growth. A short column is not the place to debate such wide issues but the experience of the past few years at least casts doubt on this belief.

In practice the key issue is inflation. The authors concede that according to the model their package might leave an inflation rate of about 14 per cent a year by the mid-1980s compared with a likely 10 per cent or therabouts if present policies continue. They claim that inflation would not be accelerating in such circumstances. That is precisely the problem. The inflation rate is almost by definition not stable at such high levels; it is either going up or down.

Impossible

The recognition that the package would raise the inflation rate in itself weakens the Fabians' case. They argue, for example that "inflation, while undesirable, is not crippling in the effect it has on the economy," and that "it is better to have slightly more inflation if that is the price to be paid for raising real living standards." But the lesson of the 1970s—uniting both "monetarists" and incomes policy supporters—is that a sustained rise in output and in living standards is impossible without a lower rate of price inflation.

"The Economics of Prosperity," edited by David Blake and Paul Ormerod, price £3.95 from Grant McIntyre.

Why we're still short of champagne

WINE

BY EDMUND PENNING-ROWSELL

AFTER LAST year's record champagne vintage of 1.73m hectolitres, the recent visitor like myself might well expect to find the Marne brimming with wine. But in fact the shortage caused by the catastrophically short 1978 crop—only 595,000 hectolitres—still dominates the scene and the prospects for both growers and merchants.

The lesser champagnes, particularly those sold under Buyer's Own Brand (BOB) retailers' labels, may be sold with a year or so's bottle age. However, to achieve real quality champagne should be kept for at least three years, and this is a compulsory minimum for the vintage wine. Yet before last year's harvest the average stock level had fallen to no more than 2½ years' supply, and although the huge 1979 vintage brought the total nearer to th three-year level, after near-record sales last year there still remained a deficit of about 60m bottles. (The total 1978 crop provided only 78m bottles in all).

To some extent the current shortage is the result of all-too-successful salesmanship. Or, to put it another way, it is the fault of the merchants and the increasing number of growers who market their own champagne. For in the disastrous production year of 1978 sales of champagne rose from 170m bottles to a record 186m. Then, although it was pointed out authoritatively by the efficient trade association that to regain the three-year minimum stock level, total sales should be cut to 160m bottles, in fact they dropped only a marginal million or so to 184m bottles.

It is, of course, easy to understand the dilemma of the merchants, or the *maisons* as they are called. They did indeed curtail their home sales—from 74.1m bottles to 66.67m—but their sales abroad rose from 52.5m to 54.3m. And the UK alone took more than 1m bottles of this increase, once more to lead the world as Champagne's chief foreign customer, with a total of 9.2m bottles. The world market is the merchants' as yet unchallenged terrain, but a highly competitive one, and if *maison* A cuts the orders of Messrs X, might *maison* B step in and take over the customer?

The merchants' reluctance to restrict sales abroad is strengthened by the growing challenge on the domestic market from the growers, the *récoltants-manipulants*, who sell champagne from their own vineyards, made either by themselves or by the co-operatives who then return to them the relevant quantity of bottles. This, though, is not the individual wine of grower M. Dupont, even if it will bear his label.

Last year nearly one in two bottles of champagne sold within France came from these sources, and at prices between a half and two-thirds of the *grandes marques*. Unlike the *maisons'* home sales, the *récoltants* and co-operatives' rose in 1979 by nearly 4m bottles. These wines are almost certainly less good and less mature than the merchants', whose *cuvées* are made from a wide selection of sources, rather than basically from one grower's vines. Nevertheless, not all the *vente directe* growers' clients are connoisseurs, and to them champagne is champagne.

The higher prices of the merchants' champagnes are not the result of excessive profits, but of the greater administration, production and promotional costs, particularly in the export field.

Not that the *récoltants* should be criticised, either. They make more profit by selling their champagne to the public than from grapes passed to the merchants. They also have the *réclame* of their name on the label, and they can gainfully occupy themselves throughout the year, instead of in only the four or five months that must be devoted to their vineyards. Most of their office-work can be done on the kitchen table.

Also, they satisfy the craving of many French town-dwellers to have a "little supplier" in the country: whether of chicken, cheese or champagne. Anyone can buy Moet and Chandon or Roederer in the local supermarket, but it takes sophistication and in-depth research to find that small grower in the Vallée de la Marne, still more in the far-distant Aube.

Although 40 per cent of the total grape harvest is contracted to the merchants, to replenish their stocks, the latter rely on considerable additional purchases either of grapes, must or still wine *(vin clair)*. Last autumn, after the merchants had taken up their vintage allocations, around 150,000 hl. remained in growers' hands, of which two-thirds might be expected to be sold to the trade.

Hitherto, that had not happened, largely because the officially fixed price, which added only production costs to those of the grapes, was too low to attract the growers. Yet if there had been a free market, the merchants short of stock might have been induced to pay extravagant prices. Many could not have afforded these, and anyhow they would have increased production costs and the ultimate price of a bottle.

The only alternative the *maisons* have is to buy *vin sur lattes*: champagne lying in cellar stacks before being disgorged. Some considerable purchases have been reported in recent months by the big firms, who can then do no more than disgorge these bottles, add the appropriate dosage and affix their own labels.

Meanwhile the growers, also short of stock but not of cash after last year's record harvest, are waiting until the risk of frost is over this month, and then to see how the vital flowering of the vine goes next month before offering their *vin clair* on the market. There are those who do not believe that in any case a great proportion of the 100,000 hectolitres theoretically available will in fact be offered in the near future: growers may either make it into champagne or keep it longer in their closed vats.

Nevertheless, the *maisons*, even if they have over-sold, deserve some sympathy, for as I was told during my recent visit, the "locomotive" of the champagne train is fired and staffed by the 10 or 15 firms with world-wide connections. The reputation and the success of champagne undoubtedly rests on the marketing and publicity of the leading *maisons*. It is this that pulls along "the train" that further back now contains many carriages occupied by the *récoltants*. The merchants sell two-thirds of all champagne, and nearly half of this abroad.

As a result of the current shortage a great deal depends on the coming vintage. If that is poor and, above all, short, there would be, as one important member of the trade told me, a catastrophe. The stock position will worsen, and prices would rise sharply in a period of world-wide economic recession. That could mean the 1974-75 slump over again.

Although it is unlikely that 1980 will produce a crop anything like as large as last year, yet the yield per hectare was not as high in 1979 as in other plentiful years like 1970 and 1973. Much, therefore, depends on the yield. The vineyard area in production is stable, for planting was stopped in the mid-1970s, and will be resumed only modestly next year, with, of course, a further three years to wait before additional production ensues.

Unless a larger than average vintage turns up this year, or the bottom falls out of the market, the shortage of champagne seems likely to continue, with the concomitant of rising prices. Which is not a bad excuse for laying in a modest supply at current prices. Remember that, if kept properly, good champagne improves with some bottle age.

Derby confusion still reigns

RACING

BY DOMINIC WIGAN

I DOUBT if the Derby has ever looked more complicated only a fortnight before the big race. Not only are the public confused as horses come and then leave (or are even suspended) from the Blue Ribbon betting, but bookmakers themselves seem in total disarray.

It is hardly surprising when one considers that even Vincent O'Brien seems to have succumbed to the atmosphere of utter confusion and is talking of Gonzales representing him on June 4.

Speaking at the Curragh after the eclipse of his runners in the Irish Two Thousand Guineas, O'Brien commented that he might well not have an Epsom Derby runner "unless Gonzales does something special at the Curragh next Saturday."

Gonzales will certainly have to do something special for he was never even entered in the Epsom Derby.

Mecca, latching on to O'Brien's comment, installed Gonzales a 16-1 chance, which they yesterday advertised. It is to be hoped that the company, yesterday betting to a generous 98.68 per cent without Henbit in their list, will make every effort to ensure that those who have struck cash bets on Gonzales (and who may be unaware of the situation) are put in the picture.

After confirmation of Henbit's participation Mecca offered that Hern colt at 7-1, which was quickly snapped up. Henbit will be advertised today at 6-1 with Mecca, who, incidentally, introduce Blast Off in their book at 25-1. Some on-the-spot viewers felt that this colt was an unlucky sixth in the Prix Lupin on Sunday.

While Mecca, the Tote and Hills were all betting "overbroke" at 95 per cent or thereabouts yesterday Corals were betting to a percentage of around 110 per cent and Ladbrokes to a far from generous 118 per cent. However, the last-named company eased a number of leading fancies in today's advertisement, notably the favourite Henbit, Ginistrelli, Master Willie and Tyrnavos.

WOLVERHAMPTON

2.30—Disco Dancing**

3.30—Hearth

4.00—Lucaya*

4.30—Sarigue***

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA. Tonight & Fri 7.30: Fidelio. Tomor 7.30: The Barber of Seville. [illegible]

[illegible]

THEATRES

OLD VIC. 928 7616. Now Booking. May 20-31 Theatermanufaktur Berlin in MURIETA (Neruda) and JOHANN FAUSTUS (Eisler). May 20, 24, 30 7 pm. [illegible]

[illegible]

VICTORIA PALACE. CC. 01-828 4735-7. 01-834 1317. Evgs. 7.30. Mats. Wed. and at 2.45. ANNIE. Group Sales Box Office 01-379 6061.

WAREHOUSE. Donmar Theatre. Covent Garden. S. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY. Tonight and all week 7.30 PERICLES (sold out). Lunchtime 1.10 pm Nick Darke's HIGH WATER. All seats £1 on door.

THEATRES

WHITEHALL THEATRE. 930 7765. CC. Paul Raymond presents FIONA RICHMOND and a Bedful of Beauties in WOT! NO PYJAMAS. [illegible]

[illegible]

CINEMAS

[illegible]

CLUBS

[illegible]

ART GALLERIES

[illegible]

MATHAF GALLERY, 24, Motcombe St., SW1. Tel: 235 0010. Specialists in 19th Century and Contemporary Paintings of ARABIA.

BROWSE AND DARBY, 19, Cork Street, W1. 01-734 7984. JOAN EARDLEY. Paintings and Drawings. Until 24 May.

THE PARKER GALLERY, 2, Albemarle Street, Piccadilly, W1. Exhibition of Old Marine, Military and Sporting and Topographical Prints and Paintings and Ships Models.

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TV Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.35 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 The Flumps. 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Pobol y cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Lassie. 4.40 Jigsaw. 5.05 John Craven's Newsround. 5.15 Ask Aspel.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.45 Sykes (London and South East only).
7.15 Life on Earth.
8.10 Olivia Newton-John.
9.00 News.
9.25 Fred Dibnah, Steeplejack.
10.15 Match of the Day (England v Northern Ireland).
11.15 Platform One: His Honour Alan King-Hamilton, QC, in conversation.
11.45 Weather/Regional News.

All Regions as BBC1 except as follows:

Cymru/Wales—10.38-10.58 am I Ysgolion. 5.15-5.40 Bilidowcar. 5.55-6.20 Wales Today. 6.45-7.15 Heddiw. 11.45 News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 6.20-6.30 General Assembly (report). 6.30 Join BBC1 (Nationwide). 6.45-7.15 Sykes (as London and South East). 11.15 Current Account. 11.45 News and Weather for Scotland.

Northern Ireland—10.38-10.58 am For Schools (Ulster in Focus). 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 6.45-7.15 Hello Sunshine. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look Northwest (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.45-7.15 East (Norwich) Quidnunc; Midlands (Birmingham) Riding on Top of the Car; North (Leeds) Beneath the Pennines; North East (Newcastle) Spike's Night; North West (Manchester) Contrasts; South (Southampton) The Getaways; South West (Plymouth) Steam into Summer; West (Bristol) One Iron Horse: Handle with Care.

BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC1 3.55 pm).
11.25 Cricket: The Benson and Hedges Cup: Kent v Hampshire.
4.50 Open University.
6.55 Swim.
7.20 Mid-Evening News.
7.30 The Great Egg Race.
8.05 The Scientists.
8.25 The Philpott File: Inside a Multinational.
9.00 A Question of Guilt.
9.30 The Enigma Files.
10.20 Top Gear.
10.45 Newsnight.
11.30 Cricket: Benson and Hedges Cup (highlights).

LONDON

9.30 am Schools Programmes. 11.55 The Undersea Adventures of Captain Nemo. 12.00 Cockleshell Bay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.45 Rumpole of the Bailey. 3.45 The Allan Stewart Tapes. 4.15 Pop Gospel. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Survival.
7.30 The Streets of San Francisco.
8.30 Only When I Laugh.
9.00 Frontier.
10.00 News.
10.30 The English Garden.
11.00 Love Doubles: Bjorn Borg partnered by his fiancee Mariana Simionescue versus John Lloyd partnered by his wife Chris Evert Lloyd.
12.00 The Old Man's Story.
12.25 am Close: Personal choice with Isabel Dean.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 5.15 Emmerdale Farm. 6.00 About Anglia. 7.00 Enterprise. 7.30 Charlie's Angels. 12.00 The George Hamilton IV Show. 12.30 am You Have a Minute Lord ?

ATV

12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 5.15 Survival. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 A Man Called Sloane. 12.00 ATV News desk.

BORDER

1.20 pm Border News. 5.15 Struck By Lightning. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 The Streets of San Francisco. 12.00 Border News Summary.

CHANNEL

1.20 Channel Lunchtime News, What's On Where and Weather. 5.15 Bailey's Bird. 6.00 Report at Six. 7.00 Curtain Raiser. 7.05 TV Movie "Hurricane." 12.00 George Hamilton IV. 12.25 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.40 am First Thing. 1.20 pm North News. 6.00 North Tonight and Area Weather Forecast. 7.30 A Man Called Sloane. 11.00 Reflections. 11.05 The Tuesday Thriller. 12.20 am North Headlines.

GRANADA

11.50 am The Bubbles. 1.20 pm Granada Reports. 5.15 Happy Days. 6.00 Granada Reports. 6.35 Emmerdale Farm. 7.05 Tuesday Premiere: "Smuggler's Island." 11.00 The Tuesday Movie: Gene Barry in "Do You Take this Stranger?"

HTV

1.20 pm Report West Headlines. 5.20 Crossroads... 6.00 Report West. 6.30 Miss Country Girl. 7.00 The Tuesday Movie: "Appointment in Honduras." 11.00 "Tiger by the Tail" starring Dean Jagger.

HTV CYMRU/WALES—As HTV West HTV General Service except: 12.00-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Survival. 10.30 Bywd. 11.15 World in Action. 1.45-12.15 am How's Your Father ?

SCOTTISH

1.20 pm News and Road and Weather. 1.30 A Sharp Intake of Breath. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem. 7.00 Take The High Road. 7.30 Charlie's Angels. 11.00 Late Call. 11.05 Superstar Profile (Steven Spielberg). 11.35 Celebrity Concert (Jack Jones).

SOUTHERN

1.20 pm Southern News. 5.15 Mr. Magoo Cartoon. 5.20 Crosroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 The Incredible Hulk.

TYNE TEES

9.20 am The Good Word followed by North East News. 1.20 pm North East News and Lookaround. 5.15 The Electric Theatre Show. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 10.30 North East News. 12.06 am The Odd Couple. 12.30 Epilogue.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster Television News. 5.15 Cartoon Time. 5.20 Crosroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 7.30 A Man Called Sloane. 10.29 Ulster Weather. 11.00 Soap. 11.30 The Electric Theatre Show. 12.00 Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Bailey's Bird. 6.00 West Diary. 7.00 Curtain Raiser. 7.05 TV Movie: "Hurricane" starring Larry Hagman. 10.28 Westward Late News. 12.00 George Hamilton IV. 12.25 am Faith For Life. 12.30 West Country Weather, Shipping Forecast.

YORKSHIRE

11.55 am The Bubbles. 1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 Father, Dear Father. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 11.00 The Tuesday Night Film: "Soft Beds, Hard Battles" starring Peter Sellers and Curt Jurgens.

Radio Wavelengths

1: 1053kHz/285m, 1089kHz/275m	3: 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2: 693kHz/433m, 909kHz/330m & 88-91vhf stereo	4: 200kHz/1500m & 92-95vhf	Capital Radio: 1548kHz 194m & 95.8vhf
		London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(s) Stereophonic broadcast

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Barnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (s). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 2.02 pm Jack Buchanan. Nights (s). 9.55 Sport Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (s). 7.32 Terry Wogan (s). 10.03 Jimmy Young (s). 12.03 pm David Hamilton (s). 2.03 Ed Stewart's Request Show (s). 4.03 Much More Music (s). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (s). 6.03 John Dunn (s). 8.02 Soccer Special: England v. Northern Ireland. 9.30 Glamorous Nights (s) (joins vhf). 9.55 Sports Desk. 10.02 The American Way Of Laughs. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You And Teh Night And The Music (s).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture (s). 8.00 News. 8.05 Morning Concert (s). 9.00 News. 9.05 This Wek's Composer: Tomkins (s). 9.35 Beethoven cello and piano recital (s). 10.15 Couperin harpsichord recital (s). 11.00 Russian Music (s). 12.05 pm BBC Welsh Symphony Orcestra concert, part 1 (s). 1.00 News. 1.05 Six Continents. 1.25 BBC Welsh SO part 2 (s). 2.10 Songs of Mourning (s). 2.50 Music for Guitar (s). 3.25 Barnard Roberts piano recital (s). 4.25 Jazz Today (s). 4.55 News. 5.00 Mainly for Pleasure (s) (†and mono only from 6.20). 7.00 Mozart's First Thoughts on record (s). 7.30 "Fidelio," Opera by Beethoven, Act 1 (s). 8.50 A Musical Ramble (s). 9.10 "Fidelio," Act 2 (s). 10.15 The Piano Music of Busoni (s). 11.00 News. 11.15-11.15 Closedown music by Hindemith (s).

VHF only—Open University: 6.00-7.00 am and 6.20-7.00 pm and for Scottish students only: 12.00-1.00 am

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today including: 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 Medicine Now. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Little Dorrit (s). 4.10 Bookshelf. 4.40 Announcements. 4.45 Short Story. 5.00 pm News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Wrinkles (s). 7.00 News. 7.05 The Archers. 7.20 Dunkirk 1940. 8.05 In Touch. 8.30 Music For A Living. 9.15 Down The Garden Path. 9.50 Kaleidoscope: Doris Lessing in conversation. 9.59 Weather. 10.00 The World Tonight. 10.30 Round Britain Quiz. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

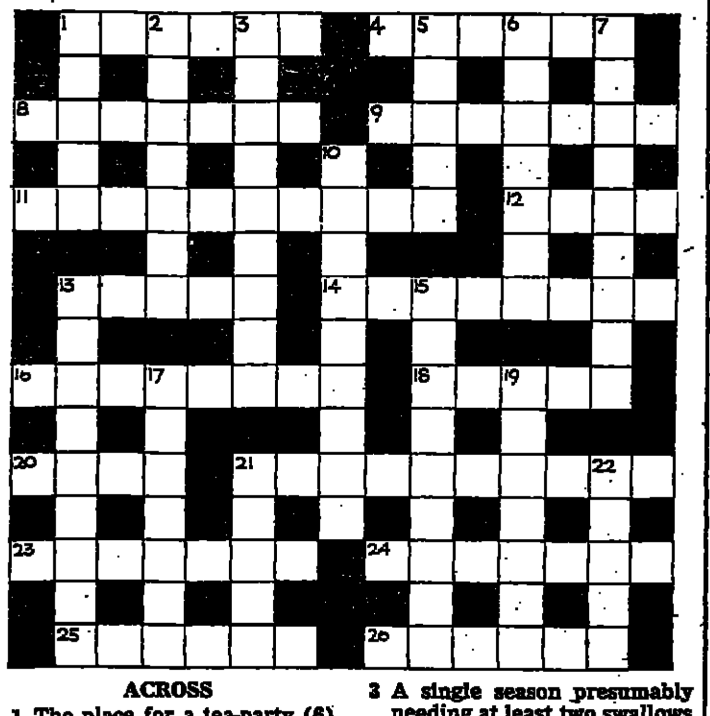
London Broadcasting

5.00 am with Bob Holness and Des Fahy. 10.00 Brian Hayes: with guest Prof. J. K. Galbraith. 12.00 LBC Reports. 8.00 pm After Eight. Therese Birch. 9.00 Mike Dickin, Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 1.00 pm London Today First Report (S). 1.10 Dave Cash (continued). 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's "Your Mother Wouldn't Like It" (S). 11.00 Tony Myatt's Late Show (S). 2.00 Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,276



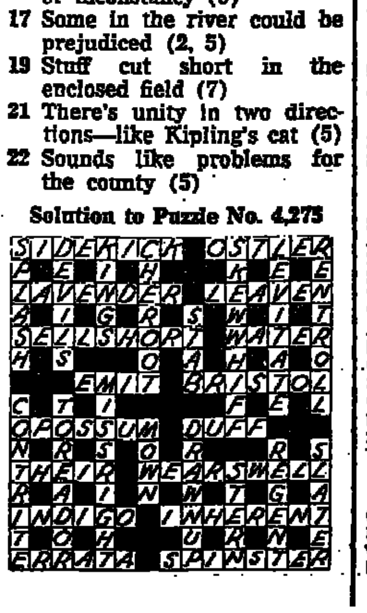
ACROSS

1 The place for a tea-party (6)
4 Storm centre in China (6)
8 Shopping streets which may provide amusement (7)
9 Attack with which you can be charged (7)
11 Drink to choose is let down at the gate (10)
12 She always has the last word (4)
13 Old city since turned to drink (5)
14 The old woman takes in diamonds for the guide (8)
16 Dazzling creation from Eric to me (8)
18 Tree like a swan (5)
20 Period in post-operative convalescence (4)
21 It is cheek for a Berkshire town to get the message (3-7)
23 Just a mixed gin for the present (7)
24 Insurrections current among engineers (7)
25 Gloomy feature in thirsty surroundings (6)
26 "You spotted —— with double tongue" (MND) (6)

DOWN

1 The donkey, little brother, goes round the city (5)
2 A gold coin is about right to get things going (7)
3 A single season presumably needing at least two swallows (3, 6)
5 Tests for chopper upside down in the river (5)
6 Only brave mouse makes nest in this plant (4-3)
7 Here is some female on the ancient temple (9)
10 Birds for hanging judges (9)
13 "—— of liberty of thee I sing" (S. F. Smith) (5, 4)
15 Each lemon can be a symbol of inconstancy (9)
17 Some in the river could be prejudiced (2, 5)
19 Stuff cut short in the enclosed field (7)
21 There's unity in two directions—like Kipling's cat (5)
22 Sounds like problems for the county (5)

Solution to Puzzle No. 4,275



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هكذا من الأصل

THE ARTS

Cannes Film Festival

Stalker fights jaundice

by NIGEL ANDREWS

Baptised into the 33rd Cannes Film Festival by an irate argument with a taxi-driver, who tried to hold my suitcase hostage in a busy street while charging me twice the fare shown on the meter, I began this year's proceedings with a jaundiced eye. The sun-baked hurly-burly of this cine-jamboree by the sea looked more daunting than ever, with hundreds of films lurking in dozens of cinemas and the Cannes sea-front bristling as ever with Filmdom's processing sellers, buyers, creators and reporters. And where were the topless starlets of yesteryear...?

As if to confirm the doubtful auguries, the opening days passed with much perspiration, much eye-strain and few rewards. Italy, Australia, West Germany and the Philippines all unfurled their cinematic flags in the Main Competition, but the breeze of inspiration failed to flap them.

Then four-days-in came the yearly "*film surprise*": Cannes jack-in-the-box mystery movie which is unwrapped anually without prior identification and which last year gave us Wajda's *Man of Marble*. And suddenly there was something to push one to the edge of one's seat and spirit one's pen from one's pocket to take anxious and copious notes.

The movie was Andrei Tarkovsky's *Stalker*. It's the Soviet film-maker's fifth and latest feature, and for non-Russian filmgoers used to an average wait of four-to-five years before the greatest Russian director's movies are allowed to cross the Iron Curtain (*Mirror*, made in 1976, has only just reached London), its appearance in Cannes was a little miracle. To compound delight at the quick unveiling, the film itself is a work of incomparable magic and excitement; Tarkovsky's best-ever movie, I believe.

The visual wonder and sleight-of hand of *Mirror* and *Solaris* are here wedded to a story at once simple and fantastic. Tarkovsky gives us a Dante-esque fable of three men journeying through a mysterious "Zone"—a blitzed and watery waste-land of dead industrialism, strewn with relics of the past—*en route* to some obscure journey's-end where their deepest wishes will, we are told, be granted. It's a modernised quest-myth, its trio of characters comprising a writer and a scientist—poles of mysticism and materialism—and their battered guide, who is sometimes called "Stalker," sometimes (invoking Fennimore Cooper's last Mohican) Chingachgook.

With its Tarkovskian shifts between monochrome and colour, its visceral visual beauty and its teasing, opaque philosophising, *Stalker* is a film that sets echoes sounding deep in one's brain and senses. Sometimes its journey through the "Zone" has hints of a political parable: the police patrolling the perimeter, the fields littered with sinister, decaying tanks. At others it swells into a fable of life's journey itself, with its Protean progress through shifting landscapes, now brutal now beautiful, towards hopes and goals that may themselves be delusive.

French subtitles do not aid instant decoding of the film. Tarkovsky is never afraid to ellipse and elide his narrative nor to throw off a jumble of arcane alusions in his dialogue. (Fnenimore Cooper is the least of it.) But where some obscure films repel, others fascinate: and Tarkovsky's visual sense is so dazzling that one could happily sit through the movie again as soon as its 160 minutes (no less) have first unwound.

Freely but subtly blending zooms, tracks, pans, Tarkovsky mixes camera movements as a painter mixes colours or a symphony-composer instruments. His shooting often has an almost physical excitement, and no less thrilling are the surreal images caught in the camera's trajectories: a *collage* of derelict objects—paintings, coins, hypodermics—seen under a flowing stream, a huge swamp quaking like a shaken carpet, two human skeletons clinging together in bony-fingered serenity. *Stalker* is one of the wonders of the modern movie world, and if it doesn't come to London soon, keep writing to British distributors until it does.

Only two other films have stood out from the ruck at Cannes so far: Ali Ozgenturk's *Hazal* from Turkey and Mark Reichert's *Union City* from America, both shown in the Directors' Fortnight.

The Turkish movie is a gem. Where Tarkovsky uses his camera as a *perpetuum mobile*, Ozgenturk builds up his film with sharp, sudden tableaux: splashes of colour and gesture that paint the story of a quasi-feudal village where a girl attempts to free herself from an arranged marriage to a 10-year-old boy and elope with her lover. Running parallel with this private tale of emancipation is the public social conflict stirred up when a new road is built near the village, threatening to haul its inhabitants lock, stock and prejudice into the 20th century. It's a starkly beautiful film, with its hieratic flow of stiff, iconic images, its rough, resonant soundtrack and its lovely dovetailing of two stories; one writing large, the other small, the themes of liberation and progress.

Union City is one of those movies that would be perfect at an unprogrammable 60 minutes. At 90, its edgy, funny pastiche of a '50s Hollywood melodrama — murder and marital breakdown in Technicolor Manhattan—tends to drift a little. But never mind. Director Reichert obviously breakfasted on Edward Hopper paintings as a small child and the film's look—angular, shiny, garish—is quite stunning. The plot should be kept under wraps for your further enjoyment until you see the film. But suffice it here to say that it might be retitled *The Milkman Always Rings Twice* and that its loopy, lurid ingenuity is not the least of the movie's pleasures.

Early servings in the Main Competition have been lukewarm and underseasoned by comparison. Bruce Beresford's *Breaker Morant*, from Australia, is a court-martial story set in the Boer War; base don a stage play and creaking accordingly. Krsyztoff Zanussi's worthy but whey-face d *Constancy* is an Identikit assemblage of all this Polish director's concerns and mannerisms, from the *jeune savant* hero scratching his head over the Great Moral Problems of life to the mountaineering metaphors we met only lately in Zanussi's 1978 Cannes competitor *Spiral*.

Jaquar, by the Philippino director Lino Brocka, is an underworld thriller in Manila, stylishly shot but stubbornly cliché-prone in its B-movie tale then-comes-to-a-sticky-end.

Last and by all means least, there was Ettore Scola's *La Terrazzo*: a star-studded, multi-episode piece of froth in which Marcello Mastroianni, Jean-Louis Trintignant, Ugo Tognazzi, Vittorio Gassman and other such cock an extra-ordinarily, long-winded satiric snook at Italian intellectual society, taking five minutes longer even than *Stalker* to do so.

But despair not. Week Two in Cannes promises new films bwqy Fellini, Kurosawa, Godard, Borowczyck, Samuel Fuller and others; plus, on the fringes, a bigger-than-ever bevy of new British movies. Keep watching this space.

Bryan Brown and Edward Woodward in 'Breaker Morant'

Playing statues in Leicester Square

by DAVID PIPER

The pastime of statue-spotting is underdeveloped among Londoners. It is however a rewarding exercise, usually free, and less liable to bring on heart failure than jogging, though the beginner needs to be wary of parking meters that so often, in such uncivilised brutality, lurk in mid-pavement breast high, to the peril of those who walk with their heads well up in the aid. It is not least rewarding in relaiion to the blank tedium, the yard upon yard of visual nothing, that many modern developers like their architecture to present to the pedestrian at street level. There is no very comprehensive guide at present, though one is said to be on the way. My own favourites among tha old ones are *London's Open-Air Stautary* by Major Gen. Lord Edward Gleichen, author of *With the Camel Corps up the Nile*, etc., and Osbert Sitwell's *People's Album of London Statues*, with ribald drawings by Nine Hamnett (and surely deserving re-issue now).

Both are published in the same year, 1928, but otherwise are worlds apart, and the Sitwell is almost an anti-Gleichen, tending to the satirical. Sitwell demanded adequate police supervision for the "mob of statues," and the appointment of a Controller of Inanimate Ppoele empowered at least "to segregate, remove and intern." London squares and open spaces to be cleared every five years. Holocausts and mass deportations suggested. In Paris, during the German occupation, there was in fact a mas liquidation of public bronzes (including Shakespeare, who once stood somewhat unexpectedly on hte Boulevard Haussmann). London losses in spite of the Blitz have been fairly few, and additions to mob come in fits and starts.

The project has been beset with difficulties only too common with public statues. It is not going where it was first meant to be, at the Elephant and Castle, heart of the homeland of Chaplin's youth. This seems not to have been acceptable to the generous sponsors: Leicester Square was. The bronze is designed to be seen from below, and to site this particular solution at ground level would be wrong. To start again would be wrong. To start again would be economic impossibility. It looks as if Charlie Chaplin will go up in Leicester Square, and after a year or so no one will notice him any more than they notice Henry Irving. Or, for that matter, I suspect, Shakespeare.

A slight statue fit afflicts west London at the moment. The particular project that has prompted my reflections here is the proposed erection of Charlie Chaplin in bronze in Leicester Square. I have to declare an interest as this was referred to the Royal Fine Arts Commission, of which I am a member. The Commission's view thus far lacks enthusiasm, though it offered no definitive opinion as plans were not to hand for the GLC's revision of the clutter of shoddy, into which the street furniture, set up when the Square was pedestrianised, has decayed. The siting and context is obviously crucial. The Commission did, however, suggest that the addition of any statue at all to Leicester Square might be a mistake, in relation to the formal garden under the great plane trees, in the middle of which is Shakespeare. Shakespeare is a copy (of 1874) of the Westminster Abbey memorial, very grand, elegiac in his marble, with four "flankers" provided by rather crude busts of former local residents of genius: Newton, Hogarth, Joshua Reynolds, John Hunter. The harmony of this central set-up with the razzamataz of what goes on in and around Leicester Square is a bit rum, and maybe if Shakespeare was to go, there would be Lebensraum for Chaplin. But Shakespeare is very much, solidly, there and sets the tone, if forlorn, in the middle. No doubt the original setting of the Globe on the South Bank was likewise one of fairground flavour (and elsewhere Shakespeare indeed presides comfortably in a niche over Carnaby Street), but the Shakespeare we actually have in Leicester Square is of cool Palladian grandeur. Chaplin would stand apart from the formal garden area in the south-west corner, but still too near, to my guess, to cohabit congenially with Shakespeare.

That in theory Leicester Square is a suitable site (apart from its bigotry of objectors to Chaplin on political grounds) is undeniable, in the full flux of the capital's entertainment area. Mr. Doubleday's image of Chaplin too hs all the attributes of that imortal clown, bowler hat, too small jacket, too large trousers; his stance is poised with considerable technical ingenuity on the famous cane, bending perilously. If formally not quite resolved to my eye, this is nevertheless a lively image in contrast to the Edwardian baroque pomposity of Brook's *Henry Irving* 100 yards away at the bottom of Charing Cross Road. But that raises another query. Can you do a satisfactory Charlie in bronze on a monumental scale? Would it not be better, perhaps black and white (that clown's deadpan face), perhaps in fibre glass, as Nicholas Monro did polychrome Morecambe and Wise to provoke such heady outrage in their temporary residence in Regent's Park? Above all is Charlie-Chaplin-on-a-pedestal a valid concept? Should he not be street level, exuding that paradoxical but characteristic aura of loneliness of the man in a crowd? The statue has ben modelled, and cast, a bit over life-size, some 6 ft tall, and is to be set on a plinth a further 6 ft high.

Problems elsewhere include Montgomery, to stand quite a bit larger than life on the grass outside the Ministry of Defence in Whitehall, producing further problems for nearby poor little Walter Raleigh whose relationship to the vast bulk of the Ministry has always verged on the ridiculous. When creating or sustaining a certain metropolitan decorum as is seemly and handsome in key processional areas like Whitehall, or Trafalgar Square (if not Leicester Square), or in show places like Waterloo Place where the high seads of the bronze heroes are dappled by sun through the plane trees, statues can be splendidly effective. But to be so they have to respect their context, in particular each other. The scale and siting of statues seem to present extraordinary difficulties; it is often impossible to assess accurately without an exercise with a full-scale model, an operation so cumbersome and expensive that it is virtually never adopted.

In Parliament Square the rot set in with Epstein's *Smuts*, strange in colour, almost skating off his pedestal, and so alien to his stately companions that it seems as if Epstein must have wished to cock a snook at the whole neo-classic tradition. Then *Churchill*, that seemed to promise so well in maquete, proved large and ungainly as an elephant amongst those same peers. The siting of individual statues and monuments can only to easily end by exposing their subjects to ridicule at worst and visual discomfort or boredom at best, and few sculptors have the universally accepted prestige that enables Henry Moore to advise on his sites so successfully.

Shakespeare's statue in Leicester Square

Enclaves of mixed statuary in somewhat less formal context can, however, work quite well. I find the Embankment Gardens by the Water Gate very sympathetic; there statues, tulips and the music of military bands all bloom together by a colossal *Burns*, an almost toy-scale miniature camel ambles agreeably (for that same Camel Corps with whom Gleichen went up the Nile). In the City, behind the Royal Exchange, bald bronze *Peabody* reclines aloft in his chair, not far from a really delightful fountain figure by Lalou and a sturidly handsome newcomer — *Reuter*, herm-like, a local deity jewelled with a barbaric inscription.

Pending final judgement on Chaplin and Montgomery, we might sharpen our eyes a bit by looking more at what already exists. And do not omit the minor pleasures — like the Italianate baroque putto at the wheel of what looks like a 1910 Hispano-Spiza (?) or that other little putto busy with an early telephone, putting Buzbee to shame with his elegance and one suspects, connecting with more certain ease than we can now, and certainly more cheaply.

Festival Hall

Verdi's Requiem

by ANDREW CLEMENTS

A full house is usually guaranteed for performances of Verdi's Requiem. On Sunday evening perhaps the prospect of being overwhelmed in a hot and stuffy Festival Hall accounted for the empty seats for the concert by the Royal Philharmonic Orchestra. Yet expectation and its contradiction are the very stuff of profound musical experience; the hall's air conditioning excelled itself to produce a comfortable coolness, and Rafael Frühbeck de Burgos contrived a perfectly scaled version of the Requiem, never searingly dramatic, but always pointful and only occasionally failing to maintain momentum.

The main focus of interest in this performance was the Orfeon Donostiarra Chorus of San Sebastian, a group some 130 voices strong, which was making its debut at the Festival Hall. The women's voices are predominantly young, and they have an abundance of freshness and attack; to British ears the tenors have a blatant vibrato and much of the Latin text in quieter passages must be taken as read. Mr. Frühbeck is heard most often in this country in large-scale choral works (on Thursday next he conducts the Orfeon Donotiarra again, in *Carmina Burana*). His virtues in such pieces as the Verdi Requiem are exactly what this chorus requires—the ability to encourage hteatrical effect and to produce a healthy, honest sound.

Soloists in this performance sounded less comfortable. Gordon Grier, a young American tenor from the Dusseldorf Opera, robust and vigorous, must be excused since he had taken over the part at the last minute; Simon Estes was a mellow, sometimes noble sounding bass, but too often conveyed little understanding of the words he was singing. The soprano and mezzo were strangely ill-matched. Enriqueta Tarres approached the soprano parts in a devotional mood that did not fit with the surrounding high spirits; Alicia Nafé managed a luscious tone with apparent ease, but her contributions lacked focus, for all their care and shaping.

Serpentine Gallery

David Smith

by WILLIAM PACKER

National schools do exist, of course, and the circumstantial gloss they supply is of extreme value to critics and historians. But the beating of the national breast or drum is another matter entirely however so tempting; for it must always be quite mistaken, and even dangerous, to impose a simple nationalistic reading upon a nation's art. Especially is this so where the art itself may reasonably be thought of some importance, for it can suffer in direct consequence, from inflated claims and exaggerated modesty alike.

Here we are inclined too readily to discount our native achievements in the visual arts (and to be hurt and surprised when taken at our word): the Americans, on the other hand, such is their need to win, once their art emerged onto the international stage a generation ago, through their critical machine demanded and achieved an unquestioned ascendency. But painting is not athletics, and western art needs no Olympiad. The distortions to reputation, the misreadings of real personal achievement, that occurred are only now being put right.

But they are being put right; and one of the most encouraging features of recent American criticism has been the cooler reappraisal visited upon the work of the leading figures in the New York School's heroic age, during and after the last war. And curiously, ironically, these artists seem not to suffer but to benefit by the process; for in looking at the earlier, formative work that preceded their vaunted, in the American phrase, "breakthrough into style" (so many American artists to become indeed prisoners of style), their true place within the Modern Movement at large is made clearer. They occupy not an hermetic, entrenched position, but rather one that is open and flexible, and, above all, international. An unexpected critical reversal indeed has happened, for the forties, which we had supposed to be the years of America's creative isolation, seem now in truth to have been the crucial, active period, the fifties the time when the fermentation ceased.

David Smith provides us with an excellent demonstration of the point. He was the first and best of American sculptors, but by no means the greatest sculptor of the century, and the large Cubi compositions of the early sixties, on which his public reputation mainly rests through the chance of public acquisition, now seem ponderously self-important. The splendid exhibition of his drawings that now fills the Serpentine Gallery (until June 8), enhanced as it is for the occasion by a small but extremely fine group of earlier sculptures, is, therefore, the happiest of correctives.

We discover an artist steeped in Surrealism, as indeed were so many of his most distinguished contemporaries: Rothko, for example, Pollock, Gorky—we have come to associate Abstract Expressionism with the New York School, but Abstract Surrealism would be as useful a term. The influences are as clear as they are unaffected: Picasso first, and then Giacometti, Gonzalez, Moore. Until the early fifties, the drawings remain, while not always specifically directed towards sculpture, at least sculptural in their possibilities, and these are the most accomplished and the most interesting of them. Later they become more generalised, flatter, more painterly in the pre-occupation with the surface, in a sense more academic. And the sculpture itself, indeed up to his death in 1965, remains true to that earlier work, the imagery visceral, sexual, totemic, not necessarily figurative directly, but fraught with human association.

The welded steel assemblages, bits and pieces of farm machinery and equipment composed into the most handsome and authoritative of personal trophies, arcane tribal deities, are especially fine. The Serpentine Gallery has seldom looked so well, nor held so interesting and beautiful an exhibition. The only shame is that modern conservation orthodoxy, imposed by the Whitney whose drawings these now are, has reduced the natural light which is one of the gallery's chief glories.

FINANCIAL TIMES
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Tuesday May 20 1980

Transatlantic differences

IN THE LAST few months, Washington has asked its West European allies to stand up and be counted on a series of issues ranging from Cruise missiles to economic sanctions against Iran (not to mention the Olympic Games). Whatever their other consequences, events in Iran and Afghanistan have tested the transatlantic relationship. The Europeans, and particularly the EEC countries, have had to decide whether, in some cases against their better judgement, to support the U.S. in the interests of "solidarity" or to put what they see as their own interests first and follow an independent line.

Gut reaction

It has not been easy for the Europeans. In the first place, they are far from united among themselves. The Community countries are deeply dividend, not only over internal problems—notably the British budget contribution—but also in their instinctive attitudes to international issues. At one end of the spectrum is Britain whose gut reaction tells it to rally to Washington, at the other France whose instinct is to do exactly the opposite. In the middle is a West Germany that is pulled in both directions.

In the second place, it is clear that in many areas American and European interests are becoming increasingly divergent. The Europeans lack the global military power of the Americans, but are more economically dependent on sources of supply and markets beyond their borders. They share common land frontiers with a Warsaw Pact that is constantly strengthening its forces. And they believe that detente has brought important gains in economic, commercial and humanitarian terms—a belief that is particularly strong in Bonn. Against all this, there is a widespread recognition that responsibility for the ultimate defence of Western Europe still rests with Washington and that increased American isolationism would be dangerous.

In the last week, the Europeans seem to have been developing an a la carte policy towards U.S. requests for help. NATO (though minus France) has fully answered America's call for a military strengthening of the Alliance. In Naples, Community Foreign Ministers went some but not all of the way to meet Washington's request for European sanctions against Iran. But on the Middle East, the Europeans appear to be going ahead with their own Palestinian initiative despite American pressure to drop it.

On the face of it, President Giscard d'Estaing's acceptance of the invitation to meet President Brezhnev in Warsaw, without prior consultations with his allies, would seem to be a blow to this careful process of European policy formation. But it may not have done too much harm. The meeting is totally consistent with past French insistence that communication must be maintained between East and West. The Americans had in any case already started the thaw with the Muskie-Gromyko meeting in Vienna and Chancellor Schmidt has confirmed plans to visit Moscow in the near future. It would be a pity to miss a chance of solving the Afghanistan problem by negotiation if one, however remotely, exists. The danger will be if M. Giscard d'Estaing has given Mr. Brezhnev the impression that the Western Alliance can be loosened by Soviet blandishments or pressures.

The Western Alliance is not the Warsaw Pact. The Europeans should not be obliged to jump to attention at every crack of the American whip. That would be out of keeping with the sort of world the Allies are meant to be defending. They have their own legitimate interests to pursue and they also have every right to take foreign policy initiatives.

One voice

But Europe's role will be more convincing if it can speak with one voice. And transatlantic differences will cause fewer strains in the Alliance if Europeans show some awareness of the part that the U.S. still plays in their ultimate defence—and of the threat to their own interests posed by both Afghanistan and Iran. In the final analysis, the overriding West European interest must be the preservation of Western democracy. That does not necessarily imply a monolithic Alliance. There is room for honest differences of view, alongside the sort of division of labour in the economic and military fields that the Allies have been groping towards in the last few months.

Public sector pay challenge

A responsible and realistic policy on pay in the public sector has been a most important missing link in the Government's economic strategy. Having been elected on a ride of revulsion against formal incomes policies and having seen the two previous administrations brought down after confrontations with public sector unions, Ministers began their tenure of office by trying to disown the problems of pay in the public sector. But after a year of accelerating inflation, fuelled partly by public sector pay increases, Ministers can bury their heads in the sand no longer.

Cash limits

We have warned before that the much-maligned comparability commissions and even the reliance on rigid cash limits to influence pay bargaining were in effect devices for shifting the burden of responsibility away from the Government and onto other, weaker shoulders, or, worse still, for dissipating that responsibility entirely. Cash limits were supposed to replicate the commercial pressures of the private sector and make individual negotiators face up to the consequences of their own pay bargaining. But their main effect has been to force the public to pay for public sector wage increases directly, as consumers and local ratepayers, rather than indirectly, as taxpayers to central government.

Fortunately the inadequacy of present measures has become apparent at a time when the Government's self-confidence is still high, inflation is reaching its peak and monetary control is becoming firmly established. It should therefore be possible for Ministers to formulate, over the summer, a coherent approach to public sector pay which avoids the political and economic pitfalls which make full-blown incomes policies damaging, and ultimately futile.

The most serious of these pitfalls is a rigidity which seeks to overwhelm, rather than to encourage, the operation of market forces. The other great danger is the political illusion that "fair play" requires that a public sector pay policy must ultimately be extended to the private sector.

In the marketed sector the objective should be to build upon the understanding of competitive pressures which began to emerge at British Steel, BL, and British Shipbuilders in the last pay round. Rather than seeking particular percentage wage increases, the emphasis should continue to be on restraining total labour costs through genuine productivity bargaining.

This restraint, however, may have to be imposed not through the indirect means of cash limits, which have proved largely ineffective, but through some form of direct scrutiny, perhaps through the newly-sthengthened Monopolies Commission, of efficiency and pricing.

In the non-market sector, productivity bargaining and the control of aggregate wage bills, rather than wage rates, are less appropriate. At the moment, measures of public service output simply do not exist to enable negotiators to "trade off" jobs against wages. Productivity improvements in the non-marketed public services all too often mean reductions in functions valued by the public.

Productivity

In these areas cuts should be made not in response to high pay increases, but in order to prune specific programmes which are inefficient or undesirable. The Government should act urgently to refine the measurement of civil service productivity. But waste in government should be cut for its own sake, as as far as possible, independently of bargaining.

For the "pure" public servants, Ministers will have to formulate in their own minds figures for pay increases at which they aim to settle. There is no reason to seek identical settlements for all groups of workers: policemen are in short supply, for example, at current pay levels, but the Government has no difficulty in recruiting ne whistory teachers or administrative civil servants. Furthermore, the Government has no obligation to announce its pay targets publicly, any more than would a private employer. It must, however, show a real determination to achieve them. And it should start explaining to public servants as soon as possible, that they cannot remain immune from the modest fall in real living standards which many workers in manufacturing industry have already suffered.

Fibres: Why the U.S. has fallen out with the EEC

BY RHYS DAVID, Textiles Correspondent

THE EEC and the U.S. are faced with perhaps the biggest threat for some years to their trading relationship as a result of the continuing row about the Community's restraints on American exports of certain fibre products to the U.K.

In the past few days the U.S. hs let it be known it is considering retaliation against the EEC curbs which were introduced in the wake of a build up of U.S. exports to the British market of polyester filament and nylon carpet yarn.

Until now American efforts have concentrated on seeking reduced tariffs on a range of other U.S. textile items exported to Europe, with the intention of replacing the trade that has been lost. U.S. requests, made earlier this year and covering 10-15 different products, were aimed at recuperating an estimated $55m of trade lost because of the EEC's restraint. These were rejected as excessive by the EEC Commission and further negotiations have failed to resolve the issue.

The retaliatory moves being considered by the U.S. involve curbs on up to 30 European export items, not all of them textiles. They could put at risk some of the gains made in the GATT multilateral trade negotiations (the Tokyo Round) last year. High on the list of targets put before public hearings in Washington last month were wool yarn, fabrics, and apparel, products on which the U.S. agreed only last year to make some small reductions in its very hig htariff rates.

Strong support for retaliation in this area has come from a number of U.S. trade associations invited to present their views at the hearings. They included: the Man-Made Fibre Producers' Association, the Northern Textile Association, and the International Ladies Garment Workers' Union.

> **Protectionism is never far below the surface of thinking in the U.S. textile industry**

Other items on the list of targets, which initially may apply only to the UK, include, as might be expected, man-made fibres, as well as other more surprising products such as ceramic tiles and cabinet locks.

In Europe, where pressure from low-cost U.S. exports of man-made fibres has continued to grow this year, there is now the prospect of further curbs being introduced on a wider range of bfire products and across a broader front. Anti-dumping duties amounting to 15 per cent on average have already been imposed on certain U.S. acrylic fibres entering the EEC, and the Commission is investigating dumping complaints that could lead to similar action in the case of polyester filament—the product at the centre of the current dispute.

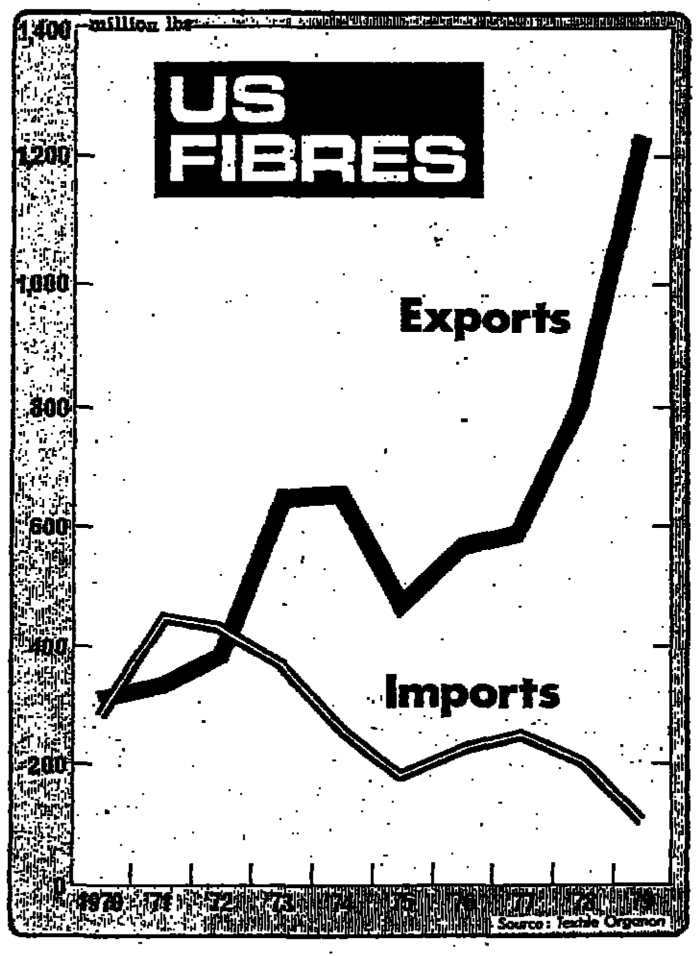
A strong U.S. reaction had been expected all along by the EEC. This was the main reason for its reluctance for almost a year to accept UK demands for curbs. Nevertheless the vehemence with which U.S. authorities are evidently prepared to press their case has come at a surprise, and further talks between the two sides, embracing a number of delicate trade areas including steel, are likely in a bid to avoid a protectionist war.

The U.S. reaction is in large measure the result of a new approach towards exporting by a number of American industries, including textiles, and a belief that these efforts cannot be allowed to stumble before they start. Protectionism is never far below the surface of thinking in the U.S. textile industry: in order to secure the agreement of the industry last year to the inclusion of textile tariff cuts in the Tokyo Round, President Carter was obliged to draw up a special textile aid programme which included an Administration commitment to help develop exports.

In an election year it is important for the Carter Administrationto act tough in support of the textile sector. The industry, together with apparel, employs 2m people and includes in its ranks more blacks and women than any other American manufacturing sector.

Domestic political considerations apart, U.S. officials also complain that the EEC's action is the first time either trading block has placed restraints (other than tariffs) on the other's textile and garment exports in recent years and thus sets an unhealthy precedent. "1979 was the first year in the past 10 years that we have had a surplus in our trade in textiles with the EEC. As soon as we start to build up our exports we find we have a restriction slapped on us," one senior Administration official pointed out.

The U.S. is also annoyed at what is seen as the selective impact of the EEC curbs. "The EEC/UK action exempts other EEC countries, members of EFTA, and all other countries with which the EEC has bilateral textile agreements. As a matter of practice this leaves the U.S. and Canada as virtually the only victims of the action." Mr. Charles Jones, president of the U.S. Man-made Fibre Producers Association claims. The industry argues that GATT's Article XIX under which the curbs have been imposed requires measures to be applied to every country enjoying most favoured nation status.



The main contention between the EEC fibre producers and their U.S. counterparts, however, is about why the Americans have had such success in in exports to Europe during the past two years. The case of Britain's producers, supported by the European trade association, CIRFS, is that American competitiveness is mainly due to controls on the price of domestically-produced oil and gas, giving the industry a significant raw material cost advantage—and, as world oil prices have risen, this advantage, it is claimed, has increased.

The mathematics of this advantage are highly complicated given that the U.S. is only partially supplied by domestic oil (just under 60 per cent of total requirements), that U.S. oil itself varies in price depending on when and where it was found, and that U.S. man-made fibre producers use somewhat different feedstocks for raw materials from European producers (including large quantities of cheap natural gas liquids). A further complication is that until 1978 the petrochemicals used for fibre production were in surplus in the U.S. and were being exported to Europe, which helped to keep down the price of European raw materials too. Since 1978 legislation restricting the lead content of petrol for cars in the U.S. has created a new market for the surplus petrochemicals used in fibre production and has choked off exports. Cuts in crude oil supplies from Iran have also reduced the amount of surplus petrochemicals available from the U.S.

When all the various factors are taken into account, however, the advantage enjoyed by U.S. producers in oil costs is estimated to have increased from about $2 a barrel or $15 a tonne in mid-1978 to more than $7.5 a barrel earlier this year. Though U.S. prices were due to reach world levels by 1981, the Carter Administration's de-control programme has already been delayed and is unlikely to meet this target. De-control of natural gas prices where the U.S. prices to industrial users are roughly half UK levels will not be achieved until 1985 at the earliest.

There are other more legitimate advantages derived by U.S. producers from the scale of their operations, the size of their domestic market, and high capacity utilisation. According to Mr. Allan Dragone, chairman of the U.S. Fibre Producers' Association, the average U.S. polyester plant has a capacity more than double its European counterpart, while average output per employee in the American industry is far higher than in EEC countries. In nylon carpet yarn three U.S. companies account for 80 per cent of capacity, while in polyester filament the three top producers have 73 per cent of the available plant. A further advantage enjoyed by the U.S. during the past year has been the low value of the dollar in relation to European currencies.

Oil price controls and these other advantages are thought by European producers to contribute in roughly equal proportions to the competitive advantages enjoyed by the U.S. industry. The advantage stemming purely from the cheaper oil and gas price—which would disappear if U.S. prices rose to world levels—was put earlier this year by the UK industry at 15-20 per cent. Helped by this U.S. producers have captured more than a quarter of the UK market in polyester filament and nylon, and, just as seriously according to the UK industry, have depressed prices. Taken together the loss of volume and revenue last year is claimed by British fibre producers to be in the region of £50m. Total U.S. fibre exports to the EEC including Britain doubled last year and worldwide U.S. exports were up by nearly a half.

The size of the U.S. cost advantage and of the feedstock component has been one of the areas of disagreement between the two sides: the U.S. fibre producers claim in any case that any gains are likely to be transient, and should be accepted in much the same way as the U.S. industry tolerated high levels of fibre import from Europe in the early 1970s. The uncomfortable fact for European producers, however, is that conditions in the domestic American market make it likely that for the short-term at any rate the incentive will be there for producers to step up their export effort.

Polyester filament, the fibre causing most of the problems in Europe remains in weak demand in the U.S. and Du Pont, the biggest U.S. fibre producer, looks to be one of the very few making any money in it at present. Poor demand for its polyester filament was one of the main reasons for a $29m loss reported in the first quarter by Monsanto, the second biggest U.S. fibre producer, in its textiles operations.

Conditions are also deteriorating in the carpet industry where U.S. credit restrictions have brought a boom, stretching back several years, to a halt. This is likely to result in surplus carpet yarn being available for export. The decline in sales of U.S. cars is also affecting the fibre industry which supplies industrial yarns for tyres, seat belts, and upholstery.

In the longer term some of the current advantages enjoyed by the U.S. fibre industry could disappear, particularly if progress is made towards decontrol of U.S. energy prices. U.S. producers, because they had relatively little new plant due to come on stream at the time of the 1974 oil crisis, did not suffer the same crisis of overcapacity in the 1970s as their European counterparts, many of which had been building new plant to cater for exports.

Providing the present recession is not too deep a tightening in the U.S. supply-demand balance by 1982 is foreseen by many fibre analysts in the U.S. and this could reduce the quantities of fibre available for export and help the U.S. industry achieve higher prices.

> **The U.S. advantage in oil costs rose from about $2 in 1978 to $7.5 a barrel this year**

The hostile reaction to exports may also have discouraged U.S. producers from building plants with export to Europe in mind. Traditionally U.S. producers have tended to export to the Far East and to look after Europe from plants in Britain or on the Continent.

The danger of the present row as seen in the U.S. is the effect it could have on relations between the world's two most important textile trading blocks in the run-up to negotiations for the next round of the GATT Multi-Fibre Arrangement. The U.S. industry is particularly anxious to make common cause with Europe in the belief that in this way it will be easier to secure a tough deal in the next agreement, which would enable some redistribution of imports from the more advanced developing countries such as Hong Kong and South Korea to newer and poorer suppliers.

In the charged atmosphere which has resulted from the fibre row there would seem to be a danger that far from working together the wto sides could begin to extend to each other the sort of restrictions now employed in trade with developing countries.

EXPORTS OF PRINCIPAL U.S. MAN-MADE FIBRES

Million lbs.

	1975	1976	1977	1978	1979
Nylon filament	71	81	93	108	156
Nylon staple	23	28	17	21	31
Polyester filament	21	44	46	74	152
Polyester staple	99	108	161	239	335
Acrylic	86	110	91	151	224

Source: Textile Organon

MEN AND MATTERS

Finding a clue in the alphabet

The Austrians are somewhat embarrassed, as well they might be, by the 140,741 of their number who voted on Sunday for a self-avowed neo-Nazi, Dr. Norbert Burger (all Austrians are doctors). Dr. Burger advocates liberal use of the death penalty, and a predictable package tied with a ribbon marked "German Austria."

The relative success of this candidate has tainted the much-touted image of Austria as a near-ideal modern democracy in perfect working order. More immediately, it has overshadowed the impressive victory of the ncumbent federal president, Rudolf Kirchschlaeger.

Austrians take comfort from the results registered in an old people's home on the Danube. Of 28 inhabitants, 11 voted for Burger, it is said, "because his name came first on the alphabetical list." "The frightening conclusion remains," commented one newspaper, "that 3 per cent of our people are not yet mature enough for democracy," which is approximately the sentiment of Chancellor Buno Kreisky.

But is Kreisky entirely right in blaming only the old Nazis, their spirits momentarily lifted by a crank candidate reported t ohave paid £5 to each of the 2,000 citizens who had to sign his application form? A joke that used to be current in Austria and was told me by one of those curiously unembittered survivors of the concentration camps, concerns one Graf Bobby. Graf Bobby goes to the de-Nazification Bureau to sort out his political credentials.

"What I don't understand," says the official, "is why you didn't come along in 1945, like everyone else?"

"Well," replies Graf Bobby, also puzzled, "at that time I wasn't a Nazi."

"Let me through I'm a doctor!"

Shying off

In post-Franco Spain just about everybody has sampled the delights of what is quaintly known in Britain as industrial action. Not wishing to be left out, actors, first division footballers and, in Barcelona's Chinatown, the world's oldest profession, have all been on strike. Everyone has been doing it, except bullfighters.

Yesterday Spain held its breath for what looked like being a first-ever industrial walkout from the arena, which threatened to reprieve six beautiful thoroughbreds from the Domecq ranch awaiting death in the afternoon.

The strike had been on right up to the initial clarion call that gets the corrida underway. Organised by the Communist-led Workers' Commissions Union, the picadors (the lancers) and the banderilleros (the men who place the darts on the bull) were prepared to walk out to press for inclusion in the state social security scheme. It would have wrecked one of the top fights in the Madrid Feria, the highpoint of the bullfighting season.

But the show-must-go-on men carried the day and the militants have now compromised by agreeing to a postponed day of action. Bulls with any say in the matter should put themselves down for a June 10 fight, when the strike call is on again.

300 years on

The celebrations at Leeds Castle in Kent tomorrow mark an extraordinary connection with early American history, a link being re-forged by the Lieutenant Governor of Virginia, Chuck Robb, and his wife Lynda Bird, daughter of the late President Lyndon Johnson. Lynda Bird is described by admirers as a typical example of the New Woman in the U.S. In keeping with this new consciousness, Lynda Bird is not chairman, nor chairwoman, nor yet chairperson, but simply Chair of the President5s Committee for Women. Husband Chuck, meanwhile, is seen as a potential Democratic candidate in one or two elections' time. But I digress.

The couple will be formally naming a garden after Lord Culpeper and opening an exhibition about him. The occasion: the tercentenary of the arrival in Jamestown of Lord Culpeper, owner of Leeds Castle and Lord Proprietor of the Northern Neck of Virginia.

It is through this last title that the longstanding American connection comes in. After remaining loyal to Charles I when he ran into trouble, and spiriting out of England the future Charles II, Lord Culpeper (who was Charles I's Chancellor of the Exchequer) was rewarded for his efforts with 5,200,000 acres of Virginia. This is rather more than the estate agent's eye view of the Home Counties of England. If this feudal fief in the New World still existed, Culpeper's heirs would now own about half Greater Washington.

Indeed the gift of such a large chunk of Virginia by the King of England caused certain ructions at the time, all resolved in a surprisingly peaceful way. George Washington's first job was in the employ of Culpeper's descendant Lord Fairfax—as a surveyor of the city of Alexandria.

Antiquer than thou

Nasty accusations are flying about the fine art dealers world in advance of the autumn season of fairs. The Chelsea Antiques Fair is still firmly turning its nose up at any item younger than 1830, and pronounces itself aghast at the refusal of the Grosvenor Antiques Fair (which this year is amalgamating with the Burlington House Fine Art Fair) to impose any limit on modernity.

"They are debasing the term 'antique' which is already in danger of becoming synonymous with 'old'," sniffs Mrs. Josephine Grahame-Balling, Chelsea's organiser. George Levy, chairman of the Burlington executive committe, is unrepentant.

"Art is ageless," he declares. "A Renoir (excluded from Chelsea on the grounds of youthfulness) is as attractive as a Rembrandt."

The argument clearly reflects the high principles of the leading fine art dealers in London. It can surely have nothing to do with the fact that Chelsea's organisers are boiling with rage because Burlington has chosen the same date, September 9, to open its fair this year.

Alibi required

My West London neighbour dines out on the story of the middle aged criminal whose marital problems make others look like bliss. The old lag successfully broke out of Wormwood Scrubs and finally made it back to his home in Shepherds Bush at two o'clock in the morning. "They said on the radio you escaped seven hours ago," his wife said. "It's only three miles away. Where the hell have you been?"

Observer

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FINANCIAL TIMES SURVEY

Tuesday May 20 1980

Executive Cars

Despite the difficulties faced by the motor industry in general, the market for executive cars in Britain remains reasonably stable, because the company car is so important. Around 70 per cent. of all new cars which took to the roads in Britain last year were bought with corporate cash.

UK market now worth over £1.5bn a year

SALES OF executive cars in Britain last year totalled around 220,000. That represented, taking a conservative estimate of average prices, £1. of business. It was also business with a higher profit margin that the motor industry is usually willing to accept.

The majority of executive cars are delivered with lots of "extras" added. And these extras often carry the kind of profit margins usually found only on luxury goods.

So it is not surprising that the manufacturers and retailers work hard to win a share of the available business. And in Britain the executive car market has remained reasonably stable.

We all have our own ideas of what entitles a vehicle to be called an "executive" car. But many of the companies in the trade use the following description. Executive cars have engines of between 2 and 3.5 litres. They are 14 to 15ft long, but it does not matter if they come in a two-box (hatchback) or three-box (with a boot) shape.

In the UK. prices start at around £5,000 at the bottom end and reach £12,000 at the top — then the luxury car market segment begins, a segment which accounts for about 2 per cent of total sales.

The share of the total market in Britain taken by executive cars has been climbing steadily since 1976. In that year it accounted for 10.2 per cent. In 1977, it rose to 11.3 per cent. In 1978 to 12.5 per cent. And last year, when the growth eased off, to 12.8 per cent.

Variations

These percentages ignore the Cortinas with larger—2 litre and 2.3 litre engines mainly because Ford's rivals cannot get a clear picture of which of these Cortinas are "work" cars, used for example by salesmen who cover lots of territory in a year and require a powerful engine, and those which are true "executive" conveyances.

The larger-engined Cortinas alone account on average for 4.5 per cent of the total new car market in Britain.

The bigger-than-usual jump in sales between 1977 and 1978 can be traced to the extra activity in the retail trade following the introduction of the 2.3 litre and 2.5 litre Rovers and the launch by Vauxhall of the Carlton and Royale saloons thatye ar.

And 1976 was a poor year for the executive car segment because of BL's problems following the launch of the new Rover (at first with a 3.5 litre engine). Rover had previously accounted for about one-third of the executive car segment and the fact that the marque virtually disappeared from the showrooms naturally resulted in the total market shrinking.

Customers apparently are willing to wait for the executive car they want—at least for six months. But if the waiting list is nine months long you will probably lose them. Customers were willing to wait for the new Rover after it was formally launched "car of the year" in 1976.

Ford's influence in the UK car market is very important and some of the extra steam in the executive car sector can be accounted for by the way the Granada picked up sales. In 1976 only 24,000 new Granada's were registered. By last year, this had risen to 45,500—an 89.5 per cent leap in only three years. The record is more impressive if estate car versions are counted. Some 6,500 Granada estates were sold last year in Britain.

The executive car sector got away to a poor start this year and again the Granada was a big factor. In the first quarter registrations were 13 per cent down on the same period a year before. (Even counting the larger-engined Cortinas, the drop was 5 per cent.)

During the three months, Granada registrations were 46 per cent below those for the same period of 1979. Some of this fall reflected the fact that the January-March months last year were very good ones for Ford. At the time, it was going all-out to make up for lost sales caused by the nine-week strike in the autumn of 1978.

Then, this year, too, Ford has ben particularly affected by a change in the attitude of the car rental companies. They have eased off on purchases of bigger-engined cars so far this year. Customers (who mainly pay for their own petrol, even if it is reclaimable from their own company) have been less inclined to specify them in recent months.

Changing demand

An added factor is that there have been fewer U.S. tourists in Britain because of the high cost of the £ compared with the $. And even those Americans who have turned up have become more aware of the need for fuel economy and are asking for smaller-engined cars when they go to hire companies.

All this has been bad news for the Granada, the hire companies' favourite big car.

What does the rest of the year hold for the executive car sector?

Mr. Michael Taylor, marketing director of Volvo Concessionaires, says: "We see no dramatic change. We expect the executive segment to represent about 12½ per cent of total UK new car sales this year—13 per cent at the most."

That estimate, of course, excludes the 2 and 2.3 litre Cortinas.

However, it does suggest some fall in volume even though the executive type vehicles are expected to keep their share of the market.

Registrations of new cars of all types reached a record 1.71m in Britain, last year. This year the forecast by the Society of Motor Manufacturers and Traders (SMMT) is for a decline to around 1.5m, representing a fall of more than 12 per cent. Many of the companies which are members of the SMMT and contribute to the data from which the forecast is produced are not quote so pessimistic. They expect a 10 per cent fall from last year's peak sales. And a 10 per cent drop would mean 22,000 fewer executive cars registered, worth at least £1.5m.

The trade can be confident that the decline in executive car sales will not be greater than that of the market in general, because the company car is so important in the UK new car market.

About seven out of ten new cars registered are bought as "company cars," using the widest definition to include all those cars bought with corporate or partnership cash.

And companies learned some painful lessons during the post-oil-crisis recession in 1975-76. They found it was often more expensive to hang on to a car for an extra year than to continue their usual trade-in policy.

Many company car fleet operators change their vehicles on a time or mileage basis—for example, after two years or after 22,000 miles.

There are indications that the current rate of inflation makes even this a n expensive policy. Benson Knight and Co., which specialises in fleet management consultancy work, reckons that the best time to change a car is after one year only.

This is because inflation is causing new car prices and service maintenance costs to rise faster than any savings to be gained by holding on to the vehicle.

Although this might be good advice, a growing number of companies this year are once again running into liquidity problems as they are squeezed by high interest rates, large pay awards and slackening demand.

This has a number of effects on the executive car market: firstly, companies might not have the cash available to buy all the new cars they would normally purchase; secondly, the ranks of the unemployed executives are growing and, thirdly, the pressure to add new names to the list of those people entitled to a company car is lessening.

Another immediate problem for those corporations wishing to continue with a car replacement policy whatever the economic climate might be is that the second-hand car market is in some disarray and reasonable trade-in prices difficult to achieve.

Depreciation

There always has been a hefy depreciation on executive cars, of course. After all, a higher than average 80 per cent of them are bought with "corporate pounds," which cost only 50p, after allowing for the saving in corporation tax not paid, while nearly all are bought second-hand by private individuals who pay with "net pounds," which cost at least £1.30 because of the income-tax burden.

But currently the position has been worsened because executive cars are being sold at well under list price—a £2,000 reductio non an £8,000 list price is not uncommon—and this is naturally reflected in the second-hand market.

The other disturbing influence is the number of leased cars which have been finding their way to market since last autumn.

The main cause was the relaxation of the control of hiring order in June, 1977, which was followed by the boom in vehicle leasing, most of the cars being contracted out on two or three year terms.

While these did not constitute "extra" cars for the market to absorb because in the main they replaced cars which companies would have bought with their own cash, they have been causing some concern in the trade.

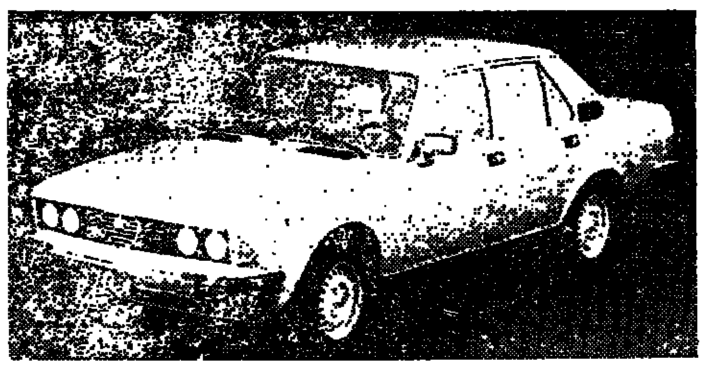
Whereas ex-company cars would have been sold in twos and threes by individual companies over a wide geographic area making it fairly simple for the trade to absorb them, the leased cars have been offered in larger "parcels" through fewer outlets. In many cases, too, they were being sold by people who had plenty of financial expertise but little experience or no of selling off used vehicles.

All this means that for anyone buying his first executive car the timing could hardly be better. Waiting lists for even the most desirable cars have virtually disappeared and discounting is rampant.

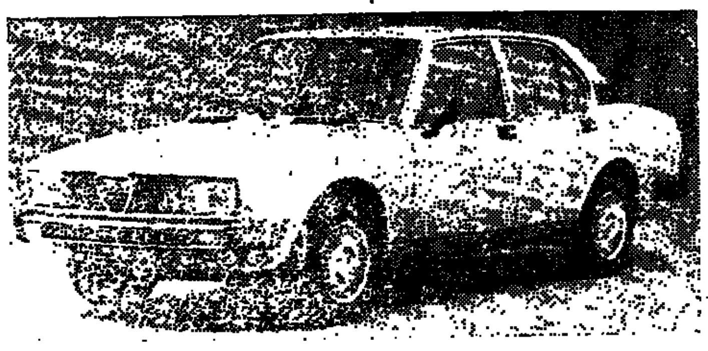
Kenneth Gooding

CHOICE IN THE UK MARKET

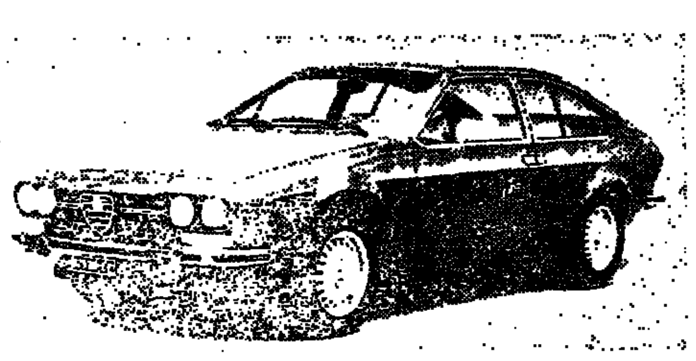
On the following pages are illustrated most of the executive cars available on the UK market. Our definition of an "executive" car is one with an engine of 2 to 3.5 litres and costing no more than £12,000.



Next month, Alfa Romeo is to launch the Alfa 6 in Britain. It is a four-door, five-seater saloon, with a six-cylinder engine of 2.5 litres. The price of about £12,000 will include automatic gearbox, electric windows and air-conditioning among other features, so the car will straddle the "executive" and "luxury" sectors.



Alfetta 2000. Introduced to the UK two years ago. Current price about £6,000. It has a 1962cc engine and fuel consumption at a constant 56mph is 40.9 mpg.



Alfetta GTV. Introduced to the UK two years ago: price about £6,800. The 1962 cc engine gives 42.2 mpg at a steady 56mph.

BMW 320. Basic price £6,500. Engine 2 litre, 6-cylinder. Introduced to the UK in October, 1977. The engine gives 31.7 mpg at a constant 56mph. The 323I shares the same body shape, but has a 2.3 litre, 6-cylinder, fuel injection engine. First seen in UK in the Spring of 1978; 35.8mpg at 56mph.

BMW 520. First available in UK in October, 1977. Current price around £7,800. Engine is 2 litre, 6 cylinder unit; 30.4mpg at 56mph. Power steering is standard. On all BMW models standard fittings include front and rear seat belts, locking petrol caps, lockable glove box, two electric mirrors and tinted glass. Sharing the same body shape are the 525, with a 2.5 litre engine, introduced late 1973, price from £8,900 and the 528i (seen here) with a 2.8 litre, fuel-injection engine, priced from £10,115.

Business cars becoming more economical

BUSINESS CARS are having to become more economical. Petrol prices have gone up by about 60 per cent in the last year; and the car industry is committed to achieving a 10 per cent cut in consumption by the mid-1980s.

So does this mean that the businessman, for long accustimed to having a large, luxurious car as his working transport, may have to lower his sights? The answer is almost certainly not.

If there is a single common feature of the executive-type cars that I have sampled over the last year, it is that they come to terms with the need for fuel economy without cutting back on the amenities.

Spacious example

Consider the Audi 200 Turbo, for example. This five-seat saloon is spacious by any standards and has an enormous boot. Its performance (over mph maximum and acceleration from a standstill to 60 mph in less than nine seconds) is undeniably urgent. Yet it can be expected to average 22-23 mpg. The secret of the Audi's modest thirst is its light weight(about half a ton less than a Jaguar XJ 4.2), and a small, turbocharged engine.

At small throttle openings, the turbo is inactive and fuel consumption no different from that of an unsupercharged car. But for rapid acceleration and extra power for hill climbing in high gear, the turbo-boosted 2.2 litre, five cylinder engine feels more like a 3.5 litre V8.

Power steering and ultra low profile tyres make the big Audi almost nervously obedient to the driver's wishes and give it reserves of roadholding few business users would wish to exploit.

I have dealt at some length with the Audi because it is an automotive straw in the wind, an indication of the direction the large, luxurious car will have to take if it is to survive in any numbers beyond the late 1980s. Saab, of course, follow the same guidelines with their 900 Turbo, which offers a similar style of motoring though on a smaller scale and at a lower price.

Their automatic performance control (APC) system, which allows a high compression ratio to be used with turbocharging, will be standard equipment on Saab Hurbos next year and must be widely copied.

The ultimate example of turbo-charging's benefits by combining great low speed economy with adequate highway performance is seen in the Peugeot 604 Turbo. This large executive saloon has a diesel engine of only 2.3 litre capacity. Unblown, it would offer unacceptably low performance. But turbocharged, it gives the owner minicar fuel economy in town with a 90 mph cruising capability.

The Peugeot 604 is, at present, the only turbo-charged present, the only turbo-diesel available in Britain. But others are on their way from, among others, Mercedes and VW-Audi. The British business executive is still largely unaware of the benefits of diesel car motoring, though his Continental counterpart knows very well how they can slash fuel bills.

It has to be said that early diesel cars were slow, noisy and uncivilised. But the current crop are nothing of the sort. During the past year, three executive diesels have impressed me greatly—the Peugeot 604 alrady mntioned, the Audi Avant five-cylinder and the Citroen CX2500D. The Citroen carried me smoothly and swiftly to Geneva and back recently at a shade under 39 miles per galgallon. Like the Audi Avant and the Peugeot, it was so refined at anything above traffic speeds one could have forgotten it was diesel, not petrol, powered.

Yet another diesel to save fuel bills without pain is the Mercedes. The 240TD estate car —an executive car, really, but with the ability to carry an enormous amount of luggage in its load space—returned a mid-30s to the gallon fuel consumption in everyday use. Renault's 20TS has its diesel equivalent. It sells very well in France and must come here soon.

Bringing fuel excise duty on DERV in line with that of petrol has helped the diesel car's prospects in Britain. The doubling of market penetration in the first quarter of this year compared with last year is a hint of things to come.

But much is also being done by the use of electronics to reduce the consumption of petrol engines. BMW in particular employ electronic performance monitoring to keep the engines of their larger cars functioning at peak efficiency all the time, with considerable benefit to miles-per-gallon figures. It is impossible not to enjoy driving the BMW 7-series, with its electronically monitored engine and five-speed manual gearbox. A very high overdrive top gear makes the 1980 BMW 7-series longer legged and more economical than its predecessors.

Five-speed gearboxes with overdriven top gears are proliferating in the executive car market—rather belatedly in the case of German-made cars. One would have expected the Germans, with their still derestricted autobahnen allowing three-figure cruising speeds to be sustained, to have adopted five-speed manual gearboxes before the rest of Europe. In fact, they have lagged behind the rest of us. Our own Rover SD-1, with ultra high gearing in the manual transmission versions, is notably frugal of fuel. Peugeot, Citroen, Jaguar and Alfa Romeo also exploit the five speed with overdrive gearbox as a fuel saver.

Less effort

Most executive drivers, given the choice, would opt for automatic transmission (plus, of course, power steering) to take all the effort out of traffic driving. It has to be faced, however, that automatic transmission incurs fuel consumption penalties of between 7 and 10 per cent. A possible way out of the dilemma is shown by Toyota, whose latest 2.8 litre Crown saloon had a three-speed automatic transmission with an overdrive fourth gear for economical motorway cruising.

There is, of course, absolutely no reason why a business executive should not pander to his sporting inclinations when choosing a car, providing it still fulfils its primary purpose of providing a comfortable working environment in which he can think constructively. Among cars which I have tried in the past year in which one can make haste happily are Alfa Romeo's 1.8 litre Guilietta and Alfetta 2000L. The big Alfa Six is due in Britain any day now at around £12,000, equipped with everything an executive needs except air conditioning.

The Citroën Athena and Reflex, which have the excellent Renault 2-litre alloy engine installed in the CX shell, are particularly welcome newcores to the executive range. They offer the best of both worlds; a really up-to-date engine in a superbly suspended, self-levelling and fully power braked car, sold at a moderate price.

Ford's Cortina with 2.3 litre V6 engine, powe rsteering and Ghia trim has almost become a Granada in price and appearance. It is now difficult to think of a Cortina in its original terms—a car for family men who wanted something more than the bare minimum.

Jaguars, with fuel injection and five-speed manual gearboxes or automatic transmission, remains in a class of their own for ride comfort, mechanical refinement and an air of tranquility. One wonders how much longer the V12 will survive. BMW bit on that particuar bullet a year ago and dropped plans for their own V12 prestige saloon.

Mercedes show little change at present though the magnificent S-class replacement, with their light alloy V8 engines of 3.8 litres and 5 litres capacity in addition to the familiar 2.8 six-cylinder, will arrive here later in the year. Lancia's Gamma will get automatic trnsmission and fuel injection before long.

The Opel Senator and its Vauxhall Royale stablemate always impress with their ride comfort, outstandingly good handling and solid interior comforts. Renault's 30TX has matured into an admirable executive car; any of its zenefits are available at a lower price (and lower fuel consumption) in its benefits are available at a lower price (and lower fuel consumption) in the 20TS, which still goes at the top of my medium-price list for five-seat hatchbacks.

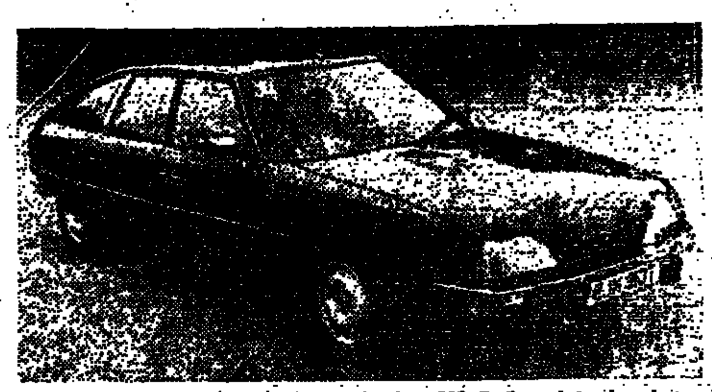
The Peugeot 505 is another eminently civilised saloon in the executive class and one of my most pleasant surprises this year was the Volvo 244 GLT. Its lusty 2.3 litre four-cylinde with fuel injection, ultra low profile tyres, power steering and four-speed gearbox with overdrive combine to make it fast, agile and economical. Anyone who had not sampled the make for several years would have trouble in even recognising it as a Volvo.

Stuart Marshall

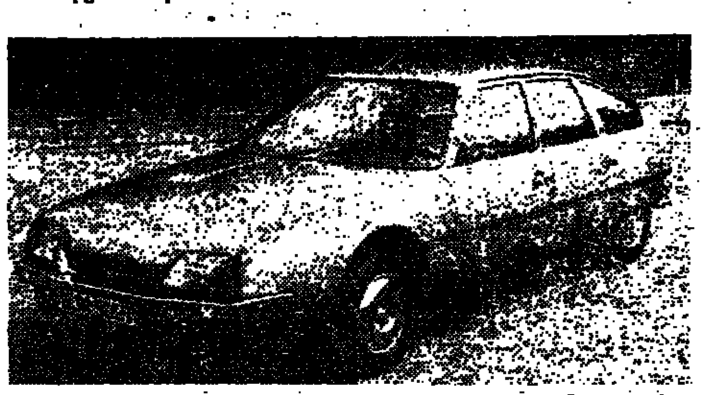
The Audi 200—Audi's new 125 mph luxury saloon—has a turbo engine for extra power

CHOICE IN THE UK MARKET

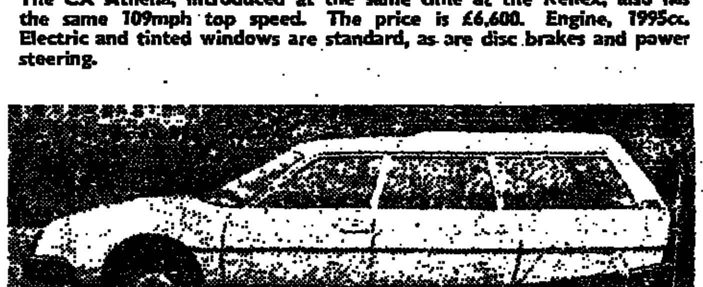
BMW 728i. Qualifies in the executive car range because the basic price is £11,845 (the other models of the 7 series are in the "luxury" bracket. However, if you want the full range of optional extras the price can reach £17,500. The engine is 2.8 litre: fuel injected. Introduced to Britain in October, last year; 26.4mpg and 56 mph.



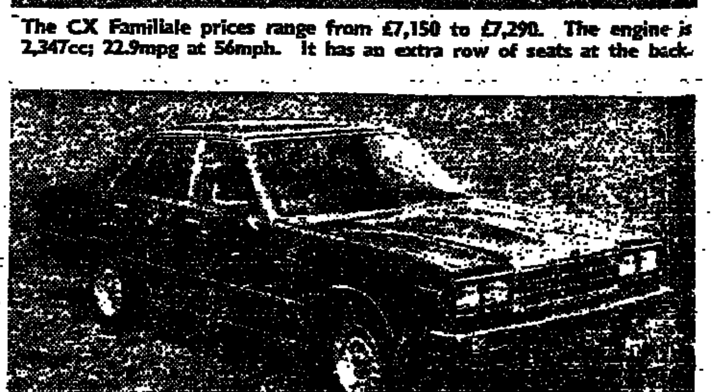
The Citroen CX range starts with the CX Reflex, introduced to Britain in July, last year, with a current price of around £6,000. It has a 1995cc engine. Power steering and disc brakes are standard; 25.9mpg at 56mph.



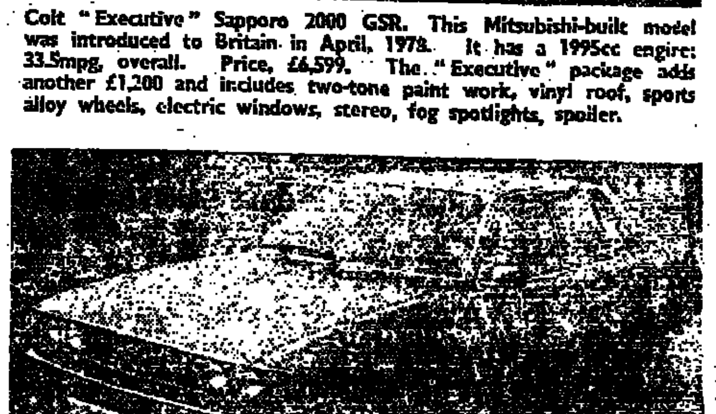
The CX Athena, introduced at the same time at the Reflex, also has the same 109mph top speed. The price is £6,600. Engine, 1995cc. Electric and tinted windows are standard, as are disc brakes and power steering.



The CX Familiale prices range from £7,150 to £7,290. The engine is 2,347cc; 22.9mpg at 56mph. It has an extra row of seats at the back.



Colt "Executive" Sapporo 2000 GSR. This Mitsubishi-built model was introduced to Britain in April, 1978. It has a 1995cc engine: 33.5mpg, overall. Price, £6,599. The "Executive" package adds another £1,200 and includes two-tone paint work, vinyl roof, sports alloy wheels, electric windows, stereo, fog spotlights, spoiler.



The Colt Sigma GLX costs around £5,300. First available in the UK in 1976. Engine is 1995cc; overall mpg is 35. There is also a Sigma Estate at £5,899.

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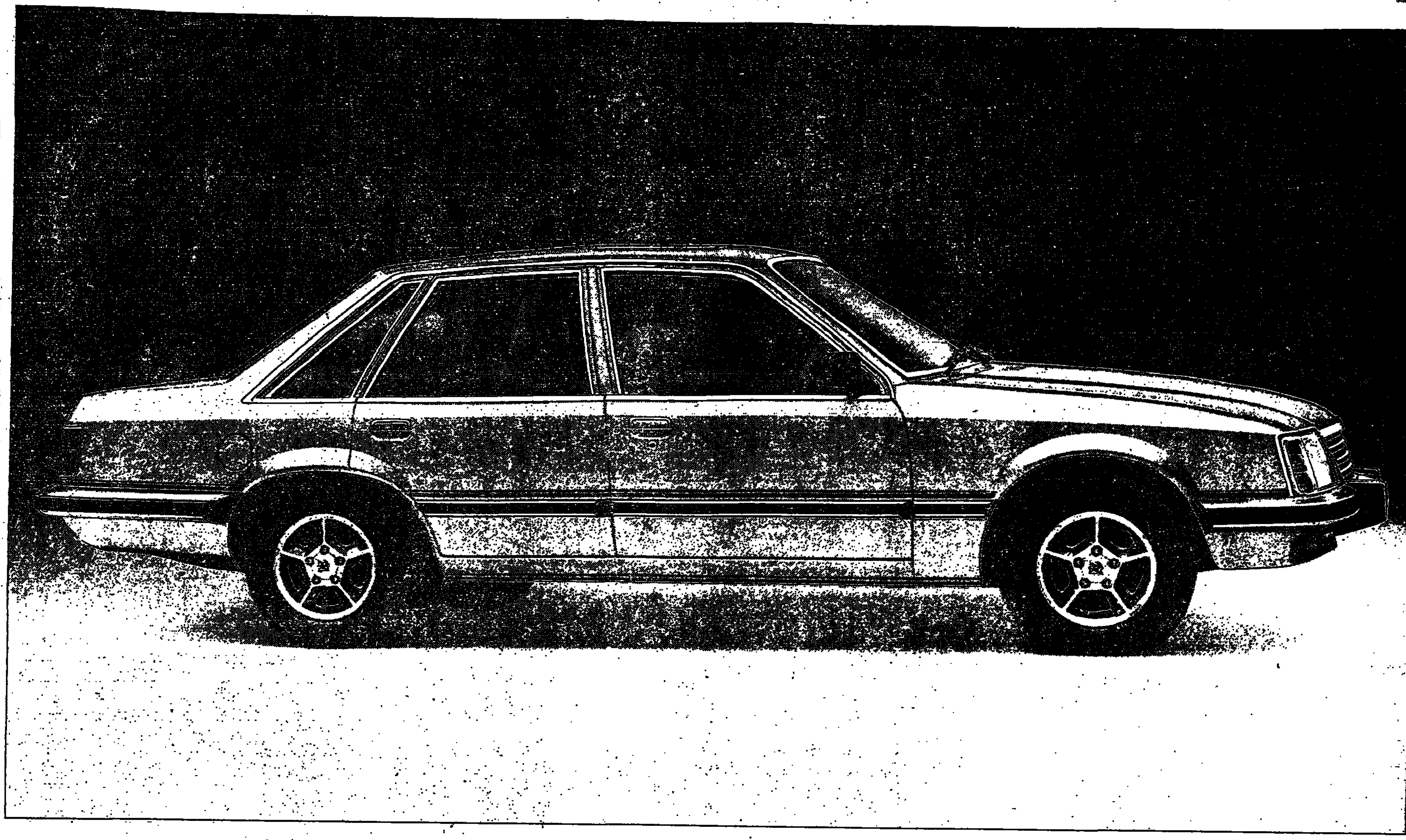


Luxury is built in, not bolted on.

Have you noticed how luxury, like beauty, is often only skin deep?

If you're easily seduced by thick carpets and comfy seats, there are any number of 'luxury' cars to choose from.

If, however, you believe there's more to luxury than meets the eye (or for that matter, the posterior), the list of candidates rapidly shrinks.

Two cars that bear closer scrutiny are the Vauxhall Royale Saloon and Royale Coupé. Their distinctive looks owe as much to the science of the wind tunnel as to the art of the designer.

Both cut through the air with the minimum of turbulence and, as a result, with minimal wind noise.

A tapered, sloping bonnet and, below the bumper, an air dam reduce aerodynamic lift at speed and underline the cars' remarkable stability and impressive roadholding.

Even the door-mirrors are specially contoured to deflect spray and dirt away from the side windows.

Road noise, too, is suppressed not just by layers of insulation, but by the suspension itself.

Springs and shock absorbers, for example, have been mounted closer to the wheels than is customary.

They react faster and more effectively to the smallest movement and successfully iron out those irritating small bumps that can be so intrusive.

While the bodywork itself has a natural resonance too high to be excited by road vibrations.

The engine, a silky 2.8 litre 140 bhp six-cylinder unit, is additionally steadied by two diagonally positioned hydraulic dampers for further smoothness.

And automatic transmission is, of course, standard on both cars (with manual available at no additional cost).

Inside, the Royale is one of the few cars that allows the driver to achieve not just a good driving position, but the ideal one.

You can adjust the driver's seat for height, as well as for reach and rake and the steering wheel is tiltable.

As you'd also expect, the steering is powered.

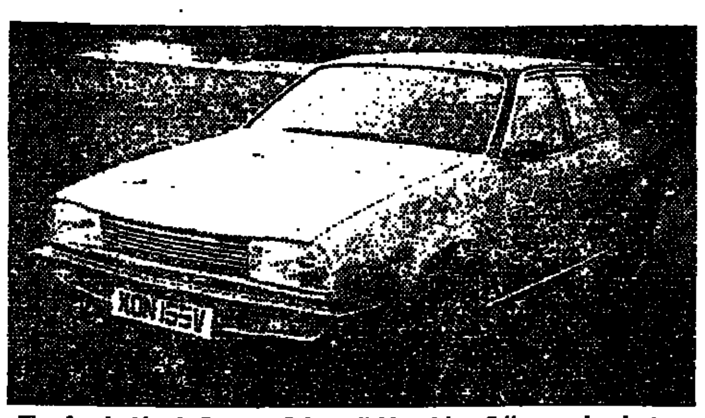
Examine a Royale at your nearest Vauxhall dealer, and don't simply be seduced by the lavish specification.

You'll find it's one of the few cars where luxury is more than just a question of appearances.

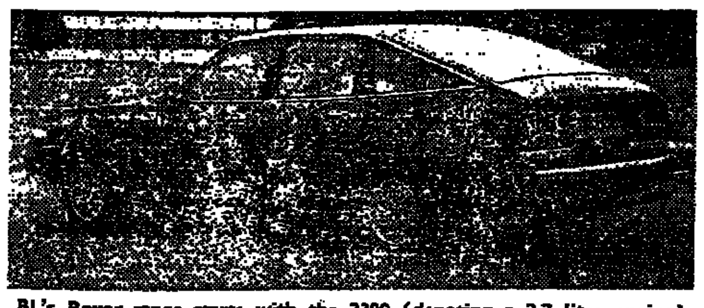
AIR CONDITIONING IS THE ONLY OPTIONAL EXTRA AT £825. SALOON £10,100, COUPÉ £10,647. PRICES, CORRECT AT TIME OF GOING TO PRESS, INCLUDE CAR TAX AND VAT. DELIVERY AND NUMBER PLATES EXTRA.

VAUXHALL
ROYALE

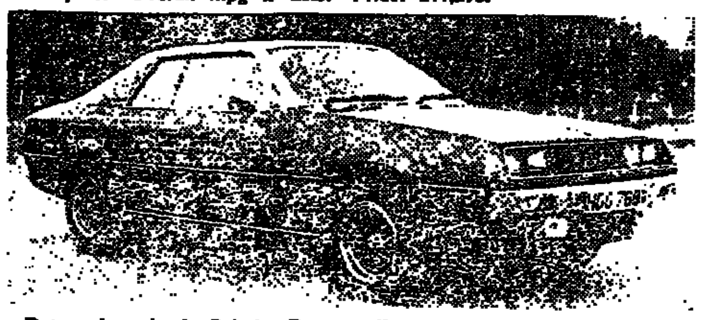
CHOICE IN THE UK MARKET



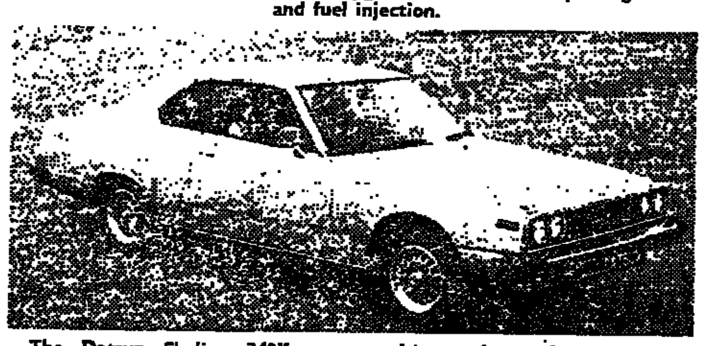
The Austin Morris Princess 2 is available with a 2-litre engine in two "executive" specifications. The HL, priced at £5,170, was introduced in July, 1978. The HLS was launched in May, last year, and is now priced at £5,650. Overall mpg for both is 32.5. The Princess has a bigger engine; the 2200 HLS (pictured) costs £6,150 and does 28.1 mpg. It was introduced in September, 1975.



BL's Rover range starts with the 2300 (denoting a 2.3 litre engine) priced at £6,580 and introduced in October, 1977. Overall mpg is 25.2. The Rover 2600, also introduced in October, 1977, costs £7,700 and has an overall mpg of 28.4. The Rover 3500 (seen here) was launched in June, 1976, and has an overall mpg of 26.3. It is priced at £9,675. The most-recent introduction was the Rover V8S in July, last year. Overall mpg is 26.3. Price: £11,290.

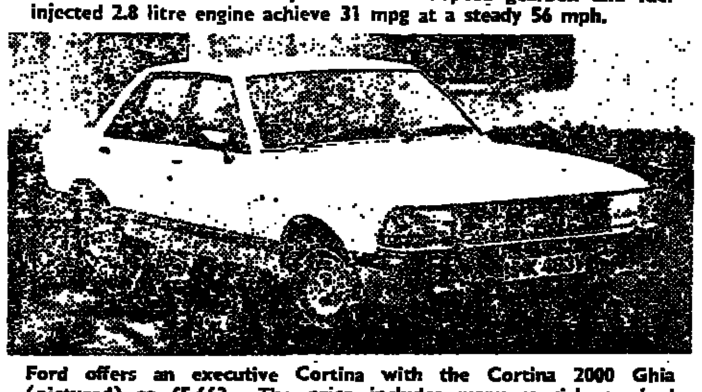


Datsun Laurel. In Britain, Datsun offers its Laurel in two versions —either with a 2 litre or 2.4 litre engine. Price for the former is around £5,500 and for the latter £6,200. Both were introduced in the Spring of last year. The 2 litre averages 31.7 mpg at a steady 56 mph and the 2.4 litre 34.9 mpg, thanks to a five-speed gearbox and fuel injection.

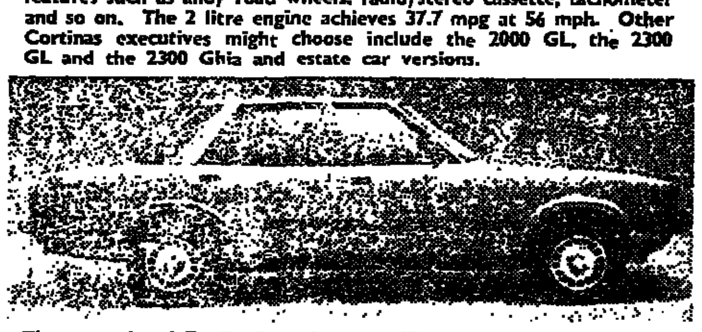


The Datsun Skyline 240K comes with an impressive array of standard fittings in the £6,700 price, including a five-speed gearbox and fuel injection for the 2.4 litre engine. Introduced in Britain in January 1979, the Skylne achieves 34 mpg at a steady 56 mph.

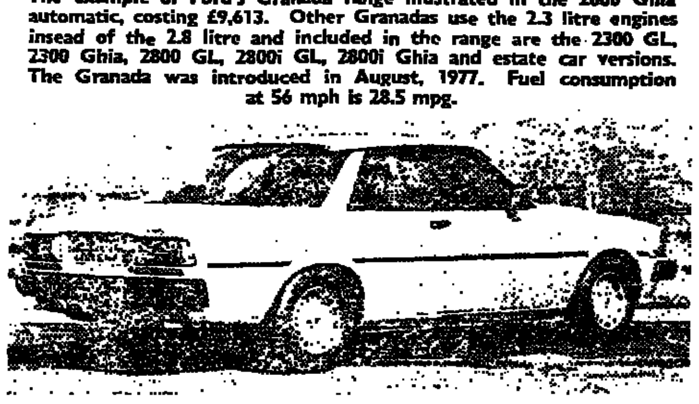
The New Datsun 280 Executive saloon is priced at £7,700 and was introduced in March this year. The five-speed gearbox and fuel-injected 2.8 litre engine achieve 31 mpg at a steady 56 mph.



Ford offers an executive Cortina with the Cortina 2000 Ghia (pictured) at £5,663. The price includes many special standard features such as alloy road wheels, radio/stereo cassette, tachometer and so on. The 2 litre engine achieves 37.7 mpg at 56 mph. Other Cortina executives might choose include the 2000 GL, the 2300 GL and the 2300 Ghia and estate car versions.



The example of Ford's Granada range illustrated in the 2800 Ghia automatic, costing £9,613. Other Granadas use the 2.3 litre engines instead of the 2.8 litre and included in the range are the 2300 GL, 2300 Ghia, 2800 GL, 2800i GL and 2800i Ghia and estate car versions. The Granada was introduced in August, 1977. Fuel consumption at 56 mph is 28.5 mpg.



Mazda introduced the Montrose 2000 Coupe, made by Togo Kogyo in Japan in April 1979. The model costs £5,500 with manual transmission and £5,800 for the version with automatic transmission. Overall mpg is 24.3.

The compact-bodied range of Mercedes saloons qualify for the "executive" car definition. The range starts with the 200 (indicating a 2 litre engine) priced at £8,400. Fuel consumption is 30.1 mpg at 56 mph. The 230 costs £9,500 and has a four-speed automatic transmission, as well as the 2.3 litre engine. Fuel consumption is 27.7 mpg at 56 mph. The 250 shares the same automatic and costs £11,000. Consumption is 28.5 mpg. The 200 D (diesel saloon) is priced at £8,730 and achieves 34 mpg. There is also a 240 D at £9,500 with a 30 mpg consumption.

The debate on fringe benefits

IN 1960, only 22 per cent of all new car purchases in Britain were company cars. By 1975, the level had reached 56 per cent. Last year, around 70 per cent of the new cars which took to Britain's roads were bought with corporate cash. It was a record year for car sales and companies must have bought nearly 1.2m cars in 1979.

It is difficult to define precisely which of these cars were purchased as "tools of the trade" for salesmen and other company representatives who travel many miles in the course of a year on company business. (Most companies off the main transport routes still find the car the most-efficint method of transporting its representatives where they want, when they want them).

However, stockbrokers Simon and Coates recently estimated that cars provided as "fringe benefits," rather than as "tools of the trade" account for as much as half all company car purchases — that is 35 per cent of all new car sales in Britain.

The reasons for this are well-known, but worth emphasising once again. During the 1970s companies found it more and more difficult to reward managerial effort properly given the UK's personal tax system with its high marginal rates and successive yars of either formal or "voluntary" pay restraint.

As the pressure built up during the latter part of the 1970s, so did the growth in the number of people entitled to company cars. And those "beyond the fringe" benefits (to use a phrase first coined by the British Institute of Management to cover exotic schemes such as those for leasing shirts and suits for mployees) also appeared.

Although the "beyond the fringe" entitlements were restricted to a very few people working for financial institutions—manufacturing industry keeps a tight reign on "perks" of all kinds because it can't afford them — the Government was determined to stop the rot.

The Chancellor, Sir Geoffrey Howe said he would take action to stamp out the more outrageous perks and dampen enthusiasm for others. Instead, the Government would reduce income tax and allow people to keep more of the extra cash they earned.

Not surprisingly, there was some concern caused by this promise—or threat. Past history would suggest that the attack on "perks" *would* be launched but the countervailing reduction in direct tax would probably not be anything like enough to cover the cost.

To some extent these worries were increased when the Inland Revenue published a consultative paper outlining measures which might betaken to discourage the growth in company cars provide as fringe benefits—primarily by altering the basis of taxation on these benefits.

Managers' views

The view of many managers, as expressed by the British Institute of Management, was that there *was* a case for reviewing the whole range of non-pecuniary fringe benefits and their taxation but that any review should be comprehensive—not picking out single benefits like the company car.

The BIM also stressed that the implementation of any tax changes resulting from the review should be gradual and linked to a proposed programme of reductions in personal taxation.

"We accept that a comprehensive review will encompass other benefits of interest to managers, besides company cars . . . ultimately, there is no advantage to anyone in a reversion to payments in kind," commented the BIM in its representation to the Inland Revenue.

"People prefer to be left with a reasonable proportion of their income and to choose their own priorities in spending their money. The intention, we trust, is to simplify the system, not to militate against the hard-pressed middle manager—to reduce payments in kind, not payments as such . . . managers are not expecting a reduction in the real value of their total remuneration package — which has suffered disproportionately in recent years.

"We urge you to make no move without a clear and direct linkage to the Government's announced long-term package of tax cuts. We also think it essential that the review and any resulting implementation should take place over a period long enough to allow companies to make the necessary adjust- care to avoid distorting the exist- ments. They will need to take ing structures of grading or differentials."

There were other dire warnings about what would happen if the Chancellor went too far too fast with some of the Inland Revenue's company car proposals.

Simon and Coates, for example, estimated it would cut new car sales by 10 per cent and increase the number of imported cars on the road—new registrations of imported medals are already running at close to 60 per cent.

The stockbrokers also estimated that the changes would impose a £350m annual additional tax burden "on the still relatively narrow section of the population who have company cars."

In the event, the Chancellor in his 1980 Budget made only a modest start to his campaign.

He increased by 20 per cent the notional value of a company car for tax purposes.

This still leaves the company car as one of the better bargains around.

For example, in the 1981-82 tax year the notional annual value of a car costing up to £9,600 with an engine of over 1.8 litres—a typical executive vehicle—will be £450.

Compare this with the BIM estimate in its 1979 publication "Business Cars" that a car can be worth £1,500 to £2,000 a year to an employee if depreciation, tax, insurance and maintenance are taken into account.

The issues on which the Chancellor held fire this year included whether or not to eliminate the distinction between higher and lower-paid employees in respect of fringe benefits.

Currently anyone earning below £8,500 is only subject to tax on the benefit if it is convertible into cash, a restriction which does not apply to those earning more than £8,500.

The Chancellor has asked the Inland Revenue to consult employers about the problems in *eliminating this threshold* and making fringe benefits taxable in the hand of all employees.

And fears that the Chancellor would tax petrol provided by employers for their staff were proved groundless, this year at least. But, despite the administrative problems involved, Sir Geoffrey said that if the provision of free petrol continued to spread at anything like its present rate he would feel "bound to contemplate action next year."

There are many people who feel that the Chancellor's attack on the company car is justified on social grounds.

The Conservation Society has been a doughty opponent of the company car system which it insists is highly inequitable. "It is probably emphasising and maintaining social divisiveness and doing so in a manner that is insidious because it is not obvious. It is leading to inefficiencies in uses of resources, notably fuel."

The Society argues that as most UK citizens are taxpayers and company cars attract tax relief, it can be argued that almost everyone in the country contributes towards company cars. But only the middle-class, higher income groups actually benefit. Therefore, the lower-income groups are effectivly subsidising car ownership among the richer members of the community.

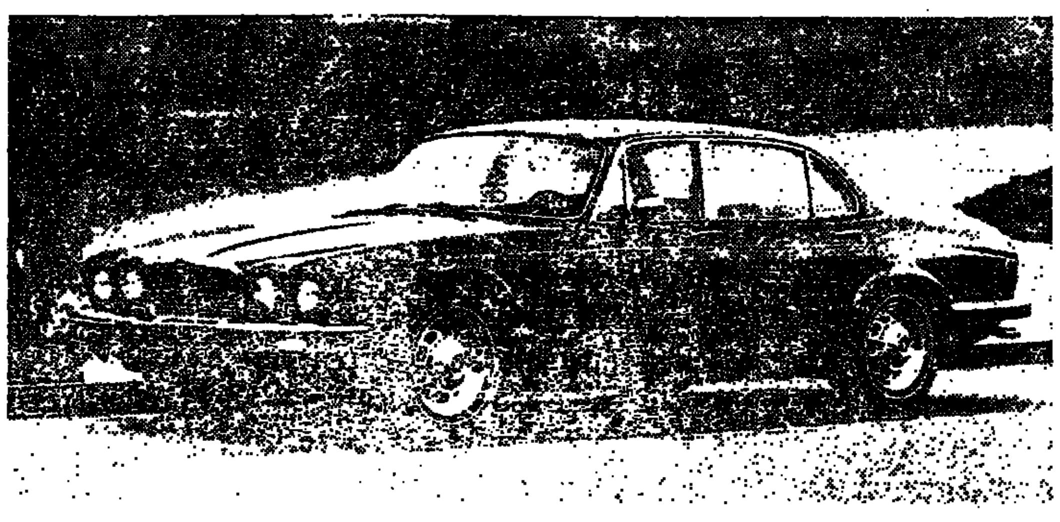
The same lower-income groups are also those which suffer most from the problems of being carless in a car-oriented society. Facilities are becoming less easy to reach other than by car because the other means of reaching them are being withdrawn.

Pamela Johnson, chairman of the society's London Liaison Group, maintains: "If the subsidies given to company cars were eliminated, it would achieve two desirable goals.

"The most obvious is the conservation of petrol which would occur as company cars got smaller, fewer and did less mileage.

"The other benefit would be immediately tangible—a pleasanter London. Fewer car commuters in London (only 17 per cent of London's commuters come by car and probably almost all are in company cars) would mean less congestion, fumes, danger and so on—as well as better bus services."

Kenneth Gooding



A symbol of success—the Jaguar XJ12 sedan has a 244.4 bhp V-12 engine, with fuel injection

CAR ALLOCATION CRITERIA FOR MANAGERS

(% companies)

	Chairman/ managing directors	Board members	Senior managers	Middle managers	Junior managers
Status only	79	77	51	22	12
Salary level only	1	1	3	2	1
A combination of status and salary level	7	9	16	11	7
Amount of business travel required only	2	2	7	28	49
Amount of business travel required plus status	8	8	16	24	17
Amount of business travel required plus salary level	—	—	1	5	4
Amount of business travel required plus status and salary level	3	3	6	8	10
Sample Size	430	380	421	328	227

Source: BIM's Management Survey Report "Business Cars" by M. Woodmansey.

Symbols of company status and power

THE WESTERN world takes the car very seriously. For many people it is not just a luxury consumer durable, but a necessity of life. A 1979 Roper poll in the U.S., for example, showed that Americans rank cars ahead of children as ingredients for a good life.

There have been recent reports from the States that an upsurge of impotence among American males can be traced to the down-sizing of their cars because in the U.S. cars are being made smaller to save weight and thus save fuel.

The car has often been portrayed as a sex symbol, as an extension of the driver's sexual drive. That might well be the case in other parts of the world, but in Britain a car represents not sex, but status and power.

"The reason a man buys an expensive car is that he likes to be seen to be successful and aggressive, a prime mover. Nobody takes much notice if you wear Savile Row suits or Gucci shoes, or whatever and few colleagues are invited to your home. But if you roll down the road in a Jaguar, a BMW or a Mercedes then everybody knows you *have* made it" — that comment comes from Alan T. Stout, a London-based motivational research consultant to advertising and industry, whose organisation, Alan T. Stout (USA) and Associates, specialises in carrying out qualititive research for the motor industry.

In Britain, the picture is blurred somewhat, of course, by the company car and the fact that so many successful businessmen are entitled to the corporate machine. Within the company, the car will very clearly reflect his status in the hierarchy. But his importance might not be so viable to the world outside if the company has a purchasing policy restricting employees to vehicles from only one or two manufacturers.

To take an obvious example: If, as with so many UK corporations, Company X buys only Ford, the managing director will be allocated a Granada Ghia. Given a choice, however, he might well have wanted to spend the £9,000 or so on something entirely different.

However, although it seems that seven out of 10 new cars delivered in the UK are "company purchases" in the broadest sense, not all corporation are as restrictive as Company X. Indeed, empirical evidence suggests that the offer of a "perk" car is not enough to attract some executives — they also want a choice of "perk" car. More and more companies are giving such a choice, allowing an employee to chose between cars of similar price.

Then there are those "company cars" where the driver plays a major part in the decision about which vehicle will be bought. Small, privately-owned companies (where the chairman and managing director is also the owner and his wife the only other director apart from his accountant) often buy very expensive company cars for the chairman and managing director.

Sometimes it is simply a question of obtaining a vehicle in the right tax bracket. It has been known for a company to telephone the local showroom and ask: "What have you got on the floor at about £12,500?" If there is something suitable, it will sometimes be bought without being inspected at all.

But the majority of people who buy relatively expensive cars — even with company money — choose a particular vehicle because they have an image of themselves which they want to pass on very clearly to the rest of the world.

They are influenced in the decision in a number of subtle ways. Casual conversations in Britain often include talk about cars, a fairly safe topic and one that can fill a lot of time. A general concensus that one make of car is "good" and another "poor" will have considerable influence on the car-buying policy of anyone within that group. If he generally admires the people present, would a man then go out and purchase a vehicle which they agreed represented an idiotic choice?

Mr. Stout points out that quite often a kind of circular process takes place. A certain type of man has an image of himself which he feels would be best conveyed by a particular make and model of car. He buys the car. Other people recognise his as, say, "successful, young and sporty." They also see he drives a particular model of car. Thus, they also perceive that model as one for "successful, young and sporty" people.

The next step, having spent rather a lot of money on a vehicle, is for the purchaser to defend the purchase. He might invent, with the benefit of hindsight, reasons for buying the car which he had not thought about before he signed the cheque.

He certainly cannot criticise his new vehicle in any serious way. Mr. Stout adds: "If something goes wrong he is unlikely to criticise his chosen vehicle *in public. More often than not,* he will defend it vociferously because a flaw in his choice is equated to a flaw in his judgment and in his image."

A similar thought process occurs when a person choses the same make—even the same model—when he trades in his car for a new one. It proves that he made a clever choice the first time.

He recalls a woman who bought a car that was made by a company which shall be nameless, but which makes much noise about the quality and reliability of its vehicles. During the first six months, after taking delivery, the woman managed to complete only about 2,000 miles in the car because it was one of those rogue vehicles (with 13 seperate faults), that was in constant need of attention. Yet after 18 months when she was asked: "What is the best car on the road?" she named the car—the rogue car that she owned.

In Britain, then, a car can provide the right "image" for an individual or a company. That is possible because when people say to themselves: "Look at that car, you can see he has 'madei t'." They do not ask themselves: "How did he make it?"

The fact is often ignored that many expensive cars are bought by men who literally pull bundles of used notes out of various pockets — "Only property developers, pop stars and people in cash businesses can afford my cars," is the way the manager of one motor emporium summed it up, recently.

More seriously, the attitude of the British to the people they see in expensive cars suggests that corporations should certainly have "prestige" vehicles available — either on the fleet, leased or as part of a deal with a hire organisation. The senior directors should be seen to be "successful" and the egos of important visitors should also be boosted by being ferried around in the right type of conveyance.

The question is: How does a manufacturer build the right sort of image for his cars?

Mr. Stout estimates it can take up to 10 years—"It is difficult enough when you are starting from scratch, as an unknown. But when you have to rebuild an image, and you have a past history to overcome, it can be a long, uphill grind."

He has some suggestions for those car manufacturers intent on image-building.

First, there should be a "20-carat" exchange system. If anything should go wrong with a new car the customer should either be given a replacement to keep or at least one to borrow until the work has been completed on his first vehicle.

Then the manufacturer should make sure his car is seen in the right social context, particularly if he is building an image in Britain—"It would even be worthwhile giving cars to people who are recognised by the public to have a certain 'image' if that image suited the car and was the one the company intended it to have."

On a broader front, Alan T. Stout suggests that one of the appealling features of the car is that for most men it represents the only totally controllable environment they can have.

"Whatever shape a man's house is in, he can keep his car the way he wants it. His wife can't continually rearrange it, for example. His car is his castle.

"And when money is no object, he can buy a car that is padded, noiseless in operation, filled with stereo music and safe at speed. He not only has a totally controllable environment, he feels it is totally invincible, too. It proves to him what he always suspected: that only the rich deserve to 'live'."

K.G.

One survey shows that "the reason a man buys an expensive car is that he likes to be seen to be successful and aggressive, a prime mover".

THE PUBLIC VIEW OF ROLLS-ROYCE OWNERS

Question: "Which of these statements apply to someone who has a new . . .

	Rolls-Royce spring 1976	Rolls-Royce autumn 1978	Jaguar XJ autumn 1978
In the pop-star/jet-set tradition	26	41	27
Likes traditional British things	22	21	15
A person who loves fine cars	49	55	49
Uses it as a tax dodge	16	18	21
Patriotic in supporting British Unnecessarily extravagant	18	15	14
Lucky to be able to afford one	63	65	64
Concerned with status and impressing others	27	34	31
A successful businescsman	56	52	43
Uses more petrol than they ought	N/A	20	20
Doesn't care about less fortunate people	7	6	4
A member of the Establishment	11	12	6
Helping to keep Britain's workers in jobs	16	12	8
A self-made person	21	27	19
Runs it on company expenses	26	27	35
Appreciates craftsmanship	33	43	23

Source: MORI.

Growing interest in diesel power

AN ITALIAN motorist in his diesel-powered Fiat Mirafiori saloon car expect to travel slightly over 100 miles for the lire equivalent of one pound sterling. In a similar, but petrol-powered, machine he can expect to travel about 20 miles for the same sum.

In Italy, the price per gallon of diesel fuel is less than 40 per cent that of petrol. Its relative cheapness allied to the markedly greater frugality of the diesel, as against petrol, engine thus reduces radically the fuel cost per mile of motoring.

Even on a conservative estimate, a diesel engine provides at least a 25 per cent improvement in overall fuel consumption. Thus, differential pricing apart—and most European countries have a more favourable price regime for diesel fuel—it is not hard to see why car manufacturers are paying the diesel greatly increased attention given the latest twists in the oil price spiral.

Lucas CAV, the UK motor components group whose products include the fuel-injection systems used on many diesels, estimates that world production of diesel engined cars will reach 1¼m this year—double 1979's level—and account for 10 per cent of the world car market by 1985. In Europe, production is expected to reach 1m units by 1985, about double the level of two years ago.

Long-standing diesel car makers such as Mercedes and Peugeot have been, or are being, joined by just about every other major European manufacturer, while in the U.S., General Motors — the world's largest maker—expects ¼m of next year's output of about 5m cars to be diesels and in the longer term envisages that 20-30 per cent of its cars will be diesel-powered.

It is in those countries with a major fuel price differential that the diesel is at its most attractive: in Italy, Spain, France, Belgium, the Netherlands, Scandinavia and others diesel fuel costs at the very most two-thirds that of petrol, and it is these markets which offer the most fertile ground for what some manufacturers claim amounts to a diesel "revolution."

Exceptions

Britain, West Germany and Switzerland are the notable European exceptions to two-tier pricing. The prices of petrol and diesel are similar. But even here, two factors are at work promoting the diesel: as the price of both fuels escalates—in Switzerland both are nudging £2 per gallon—so the number of miles a motorist must cover annually to offset the higher initial purchase price of a diesel car is being reduced. At the same time, as the higher production cost of the diesel spreads over higher unit volumes, so this price premium can be expected to narrow.

Petrol and diesel cost about the same in the U.S., and despite the intention to climb faster towards the world oil price, both remain very cheap by standards elsewhere. But with a rigidly enforced 55 mph speed limit, most American cars are used in a manner in which the fuel efficiency advantages of the diesel are most apparent—under conditions of only partial engine load.

Thus, official U.S. tests found, for example, the Mercedes 300D 3-litre diesel to be nearly 60 per cent more economical than its petrol-driven 280E equivalent under urban conditions and nearly 50 per cent under 55 mph open highway conditions.

With U.S. makers facing a federal requirement for a 28.5 mpg fleet average by 1985, the introduction of the diesel is thus one obvious, large step towards meeting it.

The diesel shows to least advantage at the higher motorway cruising speeds of the UK and Continent. At 70 mph or above, the consumption gap tends to narrow considerably. Nevertheless, the diesel is still unlikely to show less than a 25 per cent improvement over petrol.

That diesels have not, therefore, already conquered the car world is accounted for by a number, albeit dwindling, of disadvantages.

First, litre for litre, the diesel's power output is well below that of the petrol engine. Whereas, say, Mercedes 2-litre petrol engine produces about 95 brake horsepower, the diesel produces only 55.

Performance

Since this smallest of Mercedes diesels shares the body and running gear of the 118 mph 280E fuel injected petrol model, it has been perhaps cruelling described as having the biggest reserves of roadholding in the world.

To at least partially counter the poor outright performance problem, Peugeot, Fiat, Citroen and others have tended to stretch the cubic capacity of diesel versions: thus the Italian motorist's petrol-powered Mirafiori has a 1.6 litre engine, the diesel version has 2½ litres to propel it—but still not as quickly.

Another route by which the power differential can be reduced is by turbocharging. The turbo on commercial vehicle diesel engines ceased to be a novelty years ago; but it is only recently that turbo diesels have started appearing in cars.

The first to arrive in the UK executive car market went on sale in January: Peugeot's 604D Turbo. Its four-cylinder, 2.3-litre engine—developed from Peugeot's old-established XD2 unit—develops 80 horsepower and 136 ft lb of torque with the help of its British-built Garrett Airesearch turbocharger.

The result is a £9,500 vehicle capable of accelerating to 60 mph in 17½ secs and a top speed approaching 100 mph—a relative slouch by petrol standards, but, in diesel terms, a flier. Peugeot says initial sales have been encouraging.

Other turbo diesels are on the way: Volkswagen for 18 months has been developing a turbo version of its 1½ litre Golf diesel, well over ½m of which have been produced since its introduction in 1977 and demand for which is running far beyond VW's ability to produce.

While the non-turbo version provides average small car performance with overall fuel consumption of about 50 mpg, the turbo version is said to be on level performance terms with the spritely 1½ litre petrol driven Golf while at the same time returning an even lower fuel consumption than the unturbocharged diesel. The same engine is expected to be used also in the recently launched diesel versions of VW's Passat.

Expansion

Meanwhile, Mercedes, which has been selling a turbo version of its 300D diesel in the U.S. for some time, will start selling the cars soon in the UK and Europe, and Peugeot's Turbo diesel can be expected to find its way into the 505 series launched last year.

The trend is one which can be expected to spread among other makers, and across a wide price and capacity range. VW, for example, forecasts that by 1988 one third of its world car output will be diesel and that by then the lightweight turbocharged diesel will have arrived providing 100 mph performance with fuel consumption of 70 mpg or more.

Inferior performance is not the only current disadvantage of the diesel, however. It tends to be considerably noisier than a petrol unit and it does cost more to produce, and thus to buy. This extra derives mainly from the complicated fuel injection equipment needed, and the more powerful starter motor and batter required to turn over an engine which works at a much higher compression ratio—typically 20-25:1, or about three times that of a petrol engine.

In many cases, too, (though not with the VW/Audi units, which are closely based on petrol engine components) building extra strength into the engine to cope with the increased combustion stresses has meant heavier engines; and while a diesel can be much longer lasting than a petrol engine, it aslo requires more frequent maintenance.

One of its more minor traditional drawbacks, the need to wait until the glowplug to fire the engine has warmed up, has been, if not eliminated, at least consoiderably reduced. An average wait from an overnight halt is now down to about 15 seconds; while Isuzu claims to have reduced the wait to 3½ seconds on its diesel unit.

In the footsteps of VW, Ford—which at the moment sells only one diesel car, a Granada version fitted with a 2.3 litre Peugeot unit—is carrying out a joint study with Deutz on developing diesel versions of its petrol units. And where such paths are followed, allowing diesel units to be produced and assembled alongside petrol versions, it is likely that the price premium for a diesel, typically about 15 per cent in the U.K., can gradually be expected to narrow.

There is a strong marketing element in current pricing, however.

Boost in output

For example, despite the diesel element in VW's production soaring from 6 per cent in 1977 to nearly 25 per cent now, it is still in no position to meet demand and is currently engaged in a recruitment drive for 5,000 extra workers in West Germany to step up output. This year, the UK will receive about 2,500 VW/Audi diesels, against VW's declared belief that it could sell 9,000 this year if only it could get them. With the demand/supply equation so far out of equilibrium, it is not surprising that the diesel Golf, for example, costs £800 more than its petrol equivalent . . .

Whether it is worth buying a diesel will depend largely on whether the car will cover a sufficiently high annual mileage and be kept for long enough for the fuel-saving benefits to outweigh the higher purchase cost.

Anyone in the UK travelling less than 10,000 miles a year and keeping such a car for only two years would make no financial gain, in addition to which he would have to put up with inferior performance.

Above both those criteria, however, the odds shorten swiftly in favour of the disel, and this year's Budget, which brought Derv down to the same price as petrol, has also given diesel prospects a boost—to the extent that the diesel makers now consider inroads can be made into corporate fleet markets.

To date, the UK has proved a poor market for diesel cars. In 1978, sales, at 3,535 units, represented only 0.22 per cent of the market. Last year, they climbed to 5,342, however, and in the first quarter of this year they really accelerated, to 2,052. Peugeot's, which is the UK leader with about 35 per cent of the diesel market, believes the market could still reach 8,000 this year despite the restriction on VW/Audi imports and thus the crushing of VW's hopes to take over the UK market leadership this year).

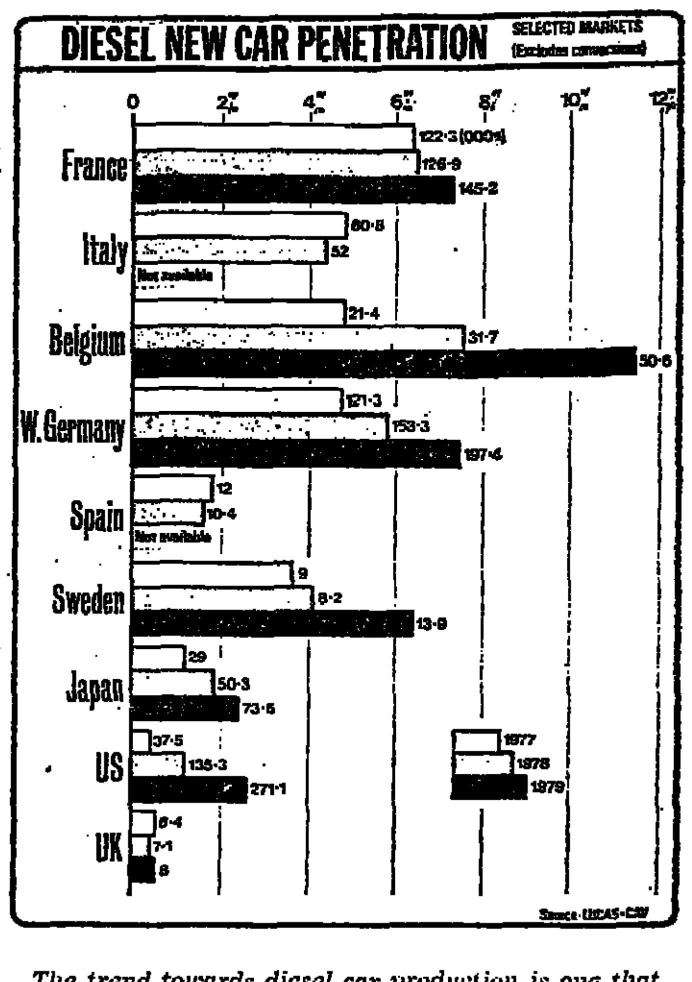
The UK differs from most of Europe in not having a British-built diesel car. BL was widely expected last year to produce a Princess using a diesel engine developed from its B-series engine that did not materialise, and diesel versions of its new "O"-series engine now also seem unlikely to appear in the near future.

With no UK-made diesel candidiates, it is hardly surprising that the Society of Motor Manufacturers and Traders has advocated that the Government, despite the arguments for fuel conservation, should not make diesel fuel actually cheaper than petrol — an argument which appears to have been accepted.

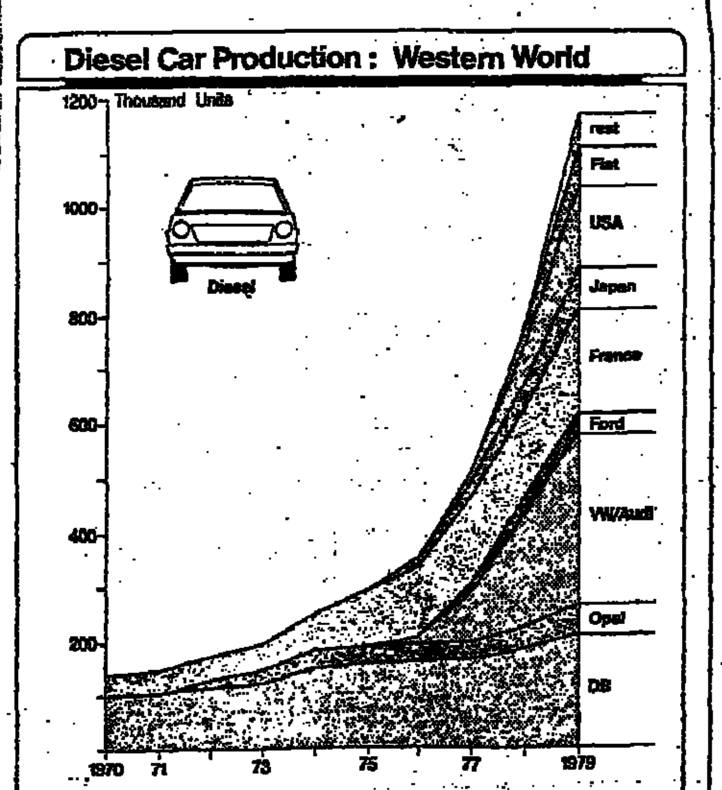
Thus, while high prices for both fuels are likely to see Britain experiencing its own share of the diesel "revolution." it is unlikely to be among the leaders. Things may change if the diesel becomes "fashionable," but UK attitudes would have to alter more than most: while Continental fuel stations have long since given derv and petrol equal status on the forecourt, the diesel car owner in Britain inevitably is directed to the usually dirty and dank commercial vehicle area.

Even that may change, however, if sales take off and move into the fleet markets as Peugeot, among others, expect. Certainly. Peugeot's expectations are based on more than crossed fingers. It has just taken its first diesel fleet order — for 17 305 diesels from Howard Doris for its oil rig construction site at Wester Ross.

John Griffiths



The trend towards diesel car production is one that can be expected to spread across a wide price and capacity range. Volkswagen, for example, forecasts that by 1988, one third of its world car output will be diesel and that, by then, the lightweight turbo-charged diesel will have arrived, poviding 100 mph performance, with fuel consumption of 70 mpg or more



Some car manufacturers claim that a "diesel revolution" is taking place in countries with a major fuel price differential between diesel and petrol


KLA 402V

Fierce competition in luxury class

COMPETITION FOR sales of executive cars in the range of £10,000 and above has increased recently as the result of corporate stringency and higher fuel costs, although the latter factor remains fairly marginal, particularly at the top end of the market.

This market has traditionally been dominated by British cars, mainly because large public companies believe that their senior executives should be seen to be supporting UK industry. However, this buying pattern is by no means as widespread in continental countries, and importers of prestige cars, such as Mercedes, BMW, and, to a lesser extent, Peugeot and Citroen, have made significant inroads in some sectors.

Buyers of imported cars, such as these, are typically the successful smaller company, whose executives do not feel obliged to conform, multinational corporations and professional and self-employed people. However, many British companies do offer their executives the choice of a number of cars within a certain price for engine capacity range, regardless of make.

The standard car for British senior executives remains the Jaguar, and BL estimates that round 90 per cent of its output is sold to companies. At prices ranging from £13,988 for the 3.4 litre version, £15,338 for the 4.2 litre model, and £18,155 for the XJ-12, this is not surprising. Running costs have also become prohibitively high for the individual.

Although some companies operate a hierarchy based on Jaguar engine capacity, with the chairman driving an XJ-12, there is a trend towards smaller engine capacity versions, perhaps in an eort to show that executives are at least making gestures towards fuel economy.

As a result, the more expensive Jaguars can now be bought with immediate delivery, and, despite an overall weakening of the market, smaller engine capacity versions are still selling well. However, a serious problem companies are now facing with the purchase of larger cars in general is that residual values have fallen considerably, making replacement costs effectively higher.

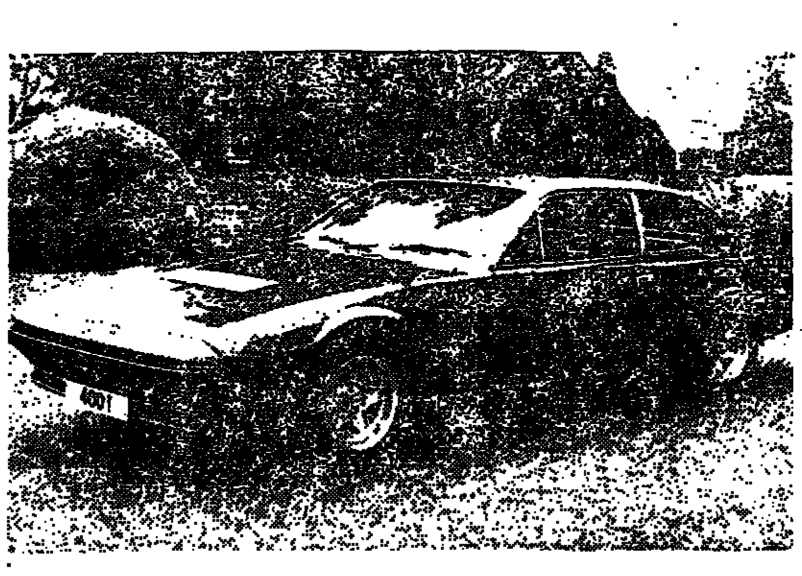
BL's Rover V8-S with a retail price of £11,287 and the Rover 3500 at very nearly £10,000 are also suffering from some corpirate resistance, partly as a result of fuel consumption, although, as with other companies, BL is working hard to improve fuel efficiency.

In this sector, Government purchases are an important part of overall sales, as are those by police forces. Here there is some resentment o nthe part of BL, which believes that forces which opt for foreign cars, such as BMWs, should realise that it is impossible for German or French police to buy British cars.

The most valuable corporate buying policies for BL are those which specify a whole range of its cars through the company, down from an XJ-12, through the Rover range, and on to Princeses for sales staff, although here thereis tough competition from Ford.

Despite the impressive look of the higher engine capacity Ford Granada version, only two are above the £10,000 mark. These are the 2.8 litre Granada Ghia at £10,055 and the estate version at £10,408.

Ford has successfully traded on the size and look of the Granada to reach the executive market, and the car allows a fair degree of prestige and considerable comfort, while not being too conspicuous on a company's books. It also offers a great rangeo f options through 16 versions of the car.




The Ferrari 400-i automatic and (right) the Rolls-Royce Carmargue

However, Ford is also aware of a "slackening of pace" in the market, and an increase in competition at the top of the range, with advertising apparently becoming more aggressive. Significantly, much of it implies shortcomings in other cars, indicating that sales in a stagnant or contracting market must come at the expense of other manufacturers.

The two major challengers to Jaguar in this market are Mercedes and BMW, both of which have had considerable success int he past few years, despite limitations imposed by allocations of cars which fell well short of demand.

Last year, Mercedes experienced its best year ever in the UK market, selling 7,914 cars, compared with 6,935 in 1978. This was an increase of just over 14 per cent, and in the first four months of this year the company reports sales of 3,679 cars, an increase of 12.7 per cent over the same period last year, which it believes is a share is growing fast, since the market is declining.

Sales are reported to have been particualrly good at the top of the S class range, in which prices vary from £14,458 to around £30,000. This is attributed partly to the fact that it has had more cars to sell.

As with other companies, Mercedes has tried to build up a profile of its average corporate owner in Britain, since it sells around 70 per cent of total volume to companies. However, only a sketchy picture has emerged.

Mercedes knows that the average age of that man is around four years above that of the average executive driving a company-owned BMW, and that he places importance on reliability, safety and comfort, rather than up-to-the-minute trimmings on the car. Mercedes' policy is to offer all those items as extras, rather than standard, although its basic range of equipment is adequate.

Racy aspects

BMW believes there is a subtle difference in character between its customers and others, and therefore promotes the more racy aspects of its range of cars. In the bracket above £10,000 these are the 528i at £10,595, the 728i at £12,435, the 732i at £14,325, the 735i at £16,175, and the flagship of the fleet, the 635 CSi at £18,950.

This year, the company hopes clear indication that its market to sell a total of 14,500 cars in the UK(which would be around 1 per cent of the total market, of which perhaps 20 per cent will be cars in the 7 series, which remain extremely popular in the British market.

During the first three months of this year, BMW reports record sales, but a slight fall-off in April, which could be seasonal but may be the first taste for BMW of the generally weakening market.

One factor which the company believes has helped it in the past, and will do so in future, is the high rate of inflation in Britain, compared to West Germany, which has enabled it to be increasingly competitive on price.

Its answer to fuel economy problems, well ventilated in the media through advertising, is the fifth gear overdrive on the 7 series, and electronic fuel systems, which it claims can lead to significant improvements in fuel deficiency.

In a class of its own, making the £10,000 car look relatively inexpensive, remains Rolls-Royce, whose prices range from £41,959 for the Silver Shadow II (or the Bentley T2) to £76,120 for the Camargue. However, the company sees itself as being in direct competition with others, although it admits that its prices are rather closer to those of a light aircraft.

The Silver Shadow II continues to be virtually standard for the chairmen of many large companies, and sales in the UK remain stable. Around 70 per cent of sales are to companies, compared with perhaps 50 per cent 10 years ago, and there is no problem with resale values, since Rolls-Royce cars are now regarded as a sound investment.

Despite the inherent weight penalty the Rolls-Royce suffers from, the company is pleased with its recent improvements in fuel efficiency achieved on the Silver Shadow, on which 19 mpg can be recorded at a steady 56 mph.

With around 30,000 Silver Shadows having been sold over the past 15 years, there is little doubt that the car has been a winner, but the recent appearance of Rolls-Royce advertising, a rare event, indicates that even the best products need a little help at times.

Lorne Barling

Image builders hard at work

"WE'D LIKE to take you inside one of the tightest test tracks in the world," runs the start of a current double-page advertisemen t for the Ford Granada. "In reality, it isn't a track at all, because no test track on earth could produce such extreme conditions."

To capture attention, it describes the 110-miles-an-hour environmental wind tunnel at one of Ford's design and development centres.

"Inside," says Ford, "we can create every kind of climatic conditions on earth. And some that have more in common with Mrs. Temperatures that would blister paint, or freeze anti-freeze. Tropical humidity. Or vicious side winds. It was in the wind tunnel that the Ford Granada took shape."

The Granada, claims Ford, is tne end result of some of the most advanced technology ever designed for building cars, and it uses the advertisement to describe some of the tests and experiments employed in research, such as subjecting the proto-chariot to days under ultra-violet light, or idling the engine for hours in sticky heat to check that the fuel doesn't vapourise: simulating Alpine descents that test disc brakes to the limit, or non-stop drives at 120 mph from Calais to Rome and back.

The aim of the advertisement, a vigorous example of the adman's art, is not only to communicate the Granada's broad specifications, but to establish, on its behalf, a distinctive personality—one of advanced technological development and quiet, refined, reliable motoring.

That is not as easy as it sounds. According to Robin Wight, a director of the Wight Collins Rutherford Scott agency which since the start of this year has handled BMW's advertising, car advertising, particularly in the executive car sector, is some of the most difficult advertising there is.

There is a lot of it about. Since the end of last autumn's ITV strike, the car manufacturers, both domestic and foreign, have been locked in struggle. This has shown up in substantial programmes of market investment, dealer incentives, below-the-line promotions, and media advertising.

According to figures from Media Expenditure Anlysis, total car advertising, in the 12 months to March 31, 1980, amounted to £52.5m, against £38.2m in the year to March last year.

Even this understates the extent of the bonanza, for MEAL monitors, Press, TV and magazines but does not include poster, cinema or radio advertising in its totals. According to MEAL figures, car advertisers spent £16.8m in the first quarter of this year, against £10.2m in the first quarter last year.

Tough area

"Car advertising is one of the hardest areas of consumer advertising there is," says Mr Wight, whose agency this year will spend approximately £1.5m on behalf of BMU. "It is all very easy to pour out lists of catalogue specifications, but they catalogue specifications, but the key is to discover each make's own personality, to go beyond the sum of its parts and discover its personality and character.

"This is particularly true of the xecutive car market. It was virtually invented by Rover, and was found to be significantly profitable. The trouble is that so many cars in this sector come out of the same identikit specifications manual. The manufacturers read the same consumer research, and tend to produce cars with similar styling, similar performance, a bland sameness of handling."

Naturally, he doesn't believe these drawbacks apply to the BMW range, on behalf of which the agency recently pursuaded the actor, Kirk Douglas, to make his first appearance ina television commercial. In part, the BMW campaign seeks to stress the emotional values of the range as perceived by agency and manufacturer.

According to Mr Wight: "Research shows that an above-average proportion of BMW drivers are achievers. They tend to work for the smaller, more entrepreneurial, companies, and associate the BMW with their own active values. It is a success-orientated car."

Second, it is sold as a car that is fundamentally enjoyable to drive. A current ad for the BMW 5 Series is headlined: "How many people actualy enjoy going to work?"

In addition, and in common with its rivals, BMW is quick to stress its quality engineering, which is why current ads for the 7 Series describe it as the world's "first electronic car," replete with electronic fuel injection, an optional anti-lock computer that permits safe steering even when you've jammed on the brakes, and an electronic key check control.

Mr Wight maintains that would-be car buyers can be told too little, but they cannot be told too much. He also maintains that a good car can sometimes compensate for a bad advertisement, but not vice versa, and that agencies should do justice to the product: laziness, he says, is the enemy of good car advertising.

One of the problems that agencies face is that brand loyalty among car buyers is invariably high, so that a high proportion of new car sales—typically, 50 per cent-plus—are to buyers who are simply replacing a model of the same type or at least the same make.

In the case of a completely new launch, or even the arrival of a new manufacturer, or importer, there is obviously no base on which to build, and winning sales from rival manufacturers is the whole point of the marketing programe.

Reassuring

But most car advertising involves cars already on the market, and the main purpose of most advertisements is not only to convince those who have never owned a particular make of its specific merits, but to reassure existing owners, or those favourably disposed towards it, that their judgment is correct.

An important secondary job of the car marketeer and agency is to sustain total velocity of demand. In any given year, at least twice as many used cars are bought as new ones, so that advertising plays an important role in maintaining demand for the inevitable flood of one-owner, good-condition, 20,000-mile, two-and-a-half-y e a r-old cars available each year. Unless velocity of demand for used cars is maintained, the whole system would seize up.

This is why Mercedes-Benz starts off a current ad with the promise: "Drive any Mercedes-Benz car you like and you'll soon see why you're unlikely to drive anything else. Unless, of course, it's another Mercedes-Benz." (Four outof every five new Mercedes are bought by previous Mercedes owners).

Even in a relatively sophisticated sector like the executive car market, some of the advertising employed is dull, repetitive and unattractive. But you can bet a laminated windscreen to an electric sunroof that somewhere in the body copy, as the blurb is called, lurks a worthwhile sales message that is struggling to get out.

Michael Thompson-Noel

Rental schemes prove increasingly popular

ALTHOUGH CAR rental companies are putting on a brave face, the demand for prestige cars has declined quite significantly in recent months and there are fears that some smaller concerns may not survive the year.

The executive car rental companies can be divided into three broad categories, those such as Avis, Hertz, Godfrey Davis and Swan National, which are large and provide luxury cars in addition to a wide range of others; the more specialised companies such as Guy Salmon Car Rentals and Roverhire, and the small operators which often have other supporting activtiies such as garages or dealerships.

It is these smaller companies which are now feeling the pinch most severely as a result of high prices for luxury cars, the interest rates they must pay to raise finance for them, and generally subdued demand for the rental of such cars.

However, as many have other interests they are able to sell off their cars and hopefully return to renting when the market improves, making the best use of their flexibility. This is, arguably, a better option than hanging onto rapidly depreciating cars in the hope of some improvement in business.

One of the major problems of this sector as a whole is falling enthusiasm for luxury cars with high fuel consumption, which has severely depressed resale prices and consequently forced operators to offer competitive rates.

At the same time, large companies (the biggest source of rental business for executive cars) are holding on to ther fleets of company cars rather than selling at low proces, with consequent loss of business for rental companies which would otherwise have filled the gaps before delivery of new vehicels.

Opinions vary on whether there is a trend towards lower engine capacity prestige cars, such as in the Jaguar or Mercedes ranges — many feel that customers want the additional power when renting a high value car, although this must be reflected in charges.

It is clear, however, that there is increased demand for cars such as the 2.8 litre Granada Ghia, which Hertz has offered widely and successfully, and it is felt there is a good future for the Vauxhall Royale in this sector. Overall, less expensive cars with a prestige feel about them are likely to take a larger share of this market.

Hertz, which has concentrated on Ford cars, also reports good rental demand for its Mercedes models, and has recently introduced a computer operated check-in system, which speeds up the return of vehicles considerably, a benefit for the rushed businessman.

Avis, which offers a wide range of models including Rolls Royces, Mercedes, Porsche, Jaguars, Daimler Sovereigns and Ganadas, believes it has kept rental increases roughly to the level of inflation and despite higher new car costs has maintained its policy of replacing cars at nine months or 20,000 miles, whichever is the soonest.

It, too, has suffered from poor secondhand prices achieved for these cars, but points out that unless a company has considerable resources (such as it own international business) it is difficut to replace cars this quickly. Smaller companies, with less borrowing power, also suffer from less favourable interest rates.

For the specialist rental companies such as the London based Salmon rentals and Roverhire, high utilisation of cars is proving essential in difficult times and both have the advantage of being the in "wholesale" business, making cars available to smaller operators who then rent them to customers.

Market trend

Mr. Richard Salmon, managing director of the company, believes there is now a strong downward movement in the market towards lower engine capacity Jaguars, Rovers and continental cars and even towarsd luxury versions of small cars such as the Golf GTI.

He believes that the the tight market has caused too much price cutting, with consequent problems, and that operators are now going for cars which will depreciate less. On the principle that the first loss is the cheapest, rental companies which kep their cars longer than usual to offset capital expenditure are likely to face even worse difficulties.

This is also likely to lead to a loss of business he suggests, since customers are able to choose newer cars in a competitive market which offers a wide range of models and prices.

Although car manufacturers are now attempting to hold down the prices of luxury cars in an effort to boost lagging sales, high interest rates, the substantial cost of new cars, and high depreciation rates have pushed rental charges upwards at an unprecedented speed. The cost of hiring a Mercedes 280E for a week, on unlimited mileage, is now around £385, while the comparable figure for a new Rolls Royce Silver Shadow II is around £880.

On the other hand, the cost of ownership of these cars is also staggering, and rental companies believe that the consumer is still getting a good deal, given the convenience of using a car of this nature at short notice.

Roverhire, which despite its name offers a full range of luxury cars including Ford Granadas, believes the key to its sector of the market is the transport controller of the big public company, who exercises decisions on when cars should be replaced.

At a time of economic uncertainty and poor re-sale prices, these controllers are clearly holding on to cars much longer than in normal circumstances, with predictable effects on rentals.

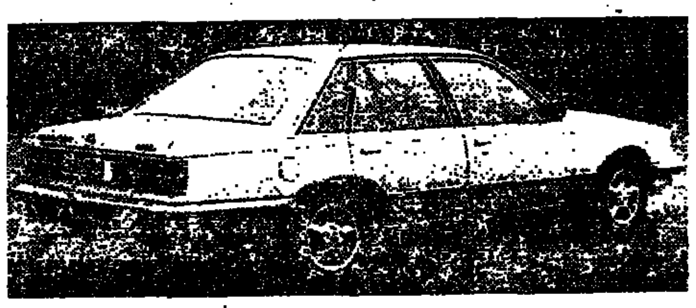
Overall, the outlook for the rentals companies this year is not particularly good, and they are likely to have to adjust their fleet of cars to changes in the market place which at present are only beginning to be felt.

Lorne Barling

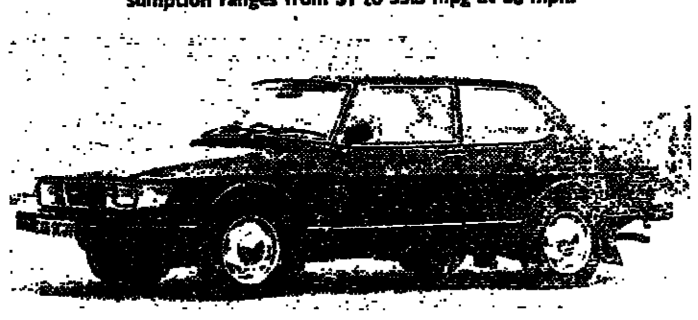
CHOICE IN THE UK MARKET

Opel, General Motors' German subsidiary, offers the 2 litre Rekord Berlina HL saloon in the executive class priced at £6,910. Introduced in right-hand drive form in 1976, the model achieves 40 mpg at 56 mph.

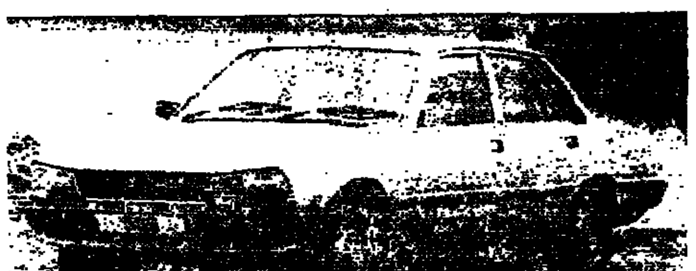
The Renault 30 series was first seen in Britain in 1975. The 30TX illustrated arrived in April last year. Prices vary between £8,000 for hte manual 30TS and £9,810 for the TX automatic. Fuel consumption ranges from 31 to 35.3 mpg at 56 mph.



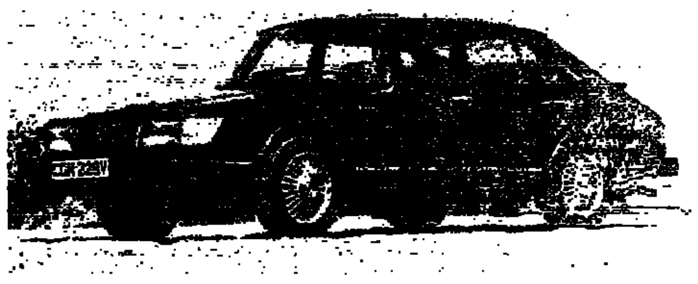
In November last year Opel introduced a lower-priced version of the Senator saloon to the UK. The Senator 2.8S costs £8,900. The Senator CD model, at £11,705, is powered by a 3 litre engine and includes automatic transmission as standard.



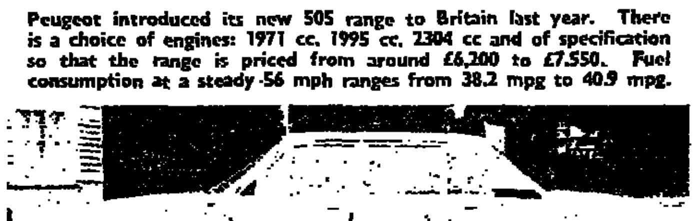
Saab's 99 saloons are offered with a choice of two or four doors and of four basic engines from £5,300 to £8,000 (for the turbo). The range was first seen in Britain in 1969.



Peugeot introduced its new 505 range to Britain last year. There is a choice of engines: 1971 cc, 1995 cc, 2304 cc and of specification so that the range is priced from around £6,200 to £7,550. Fuel consumption at a steady 56 mph ranges from 38.2 mpg to 40.9 mpg.

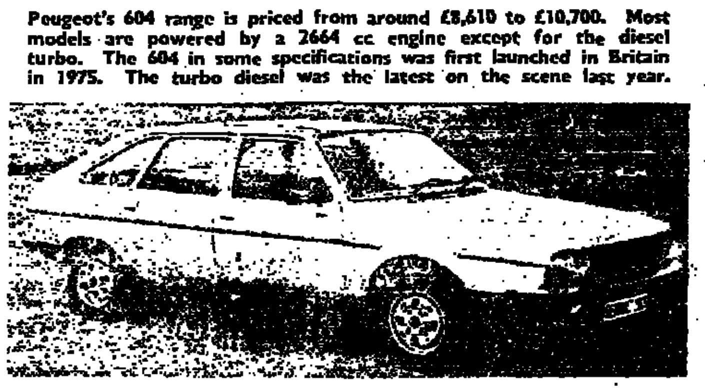


The Saab 900 range was launched in Britain in the Spring, last year. Prices start at £6,500 rising to £11,100 for the top-of-the-range five-door turbo. Again, as with the 99 series, therel s a choice of four basic engines.

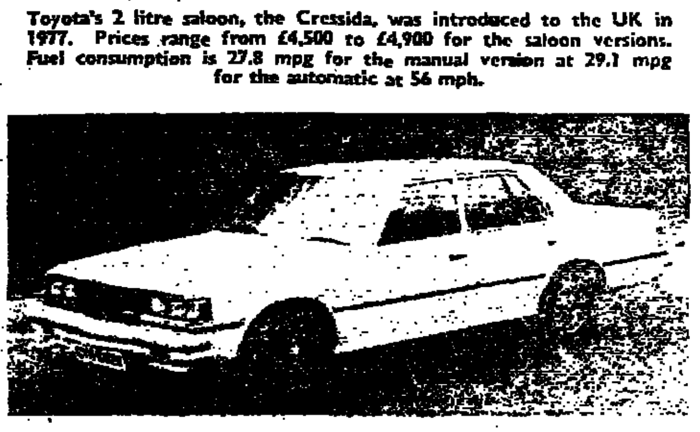


Peugeot's 604 range is priced from around £8,610 to £10,700. Most models are powered by a 2664 cc engine except for the diesel turbo. The 604 in some specifications was first launched in Britain in 1975. The turbo diesel was the latest on the scene last year.

Toyota's 2 litre saloon, the Cressida, was introduced to the UK in 1977. Prices range from £4,500 to £4,900 for the saloon versions. Fuel consumption is 27.8 mpg for the manual version at 29.1 mpg for the automatic at 56 mph.



Renault introduced the first versions of its 20 to the UK in 1976, but the latest to arrive—20LS, seen here—was not launched until last year. Prices range from £5,500 for the 20TL to just over £7,000 for the 20TS automatic. Fuel consumption varies between 33.2 mpg at 56 mph to 38.7 mpg.



Toyota's top-of-the-range model is the Crown Super 2.8 saloon, priced at £8,500. Automatic transmission, plus overdrive, is standard and helps the car achieve 30 mpg at 56 mph.

Manufacturers adapt to changing demands

THE SOFTENING in the market for executive cars comes at a time when a number of new models are at various stages in most manufacturers' pipelines. For many, the emphasis is on refinements and improvements in strategic areas such as weight-saving and fuel economy, with the traditional concerns of styling taking more of a "back seat."

For others, such as Talbot, new models on the way are destined to fill long-standing gaps in the range.

Below are listed, alphabetically, some of the main likely developments:—

Alfa Romeo—the Alfa 6 will go on sale in the UK next month. A conventional "three-box" saloon, it is powered by a 160 bhp 2½-litle V6 and has a conventional front engine/rear drive. The "6" goes against current styling trends in having its nose slope rearwards from the top of the bonnet. Its claimed fuel consumption is 31.4 mpg at 56 mph and 15.8 mpg on the urban cycle for the manual version. But the big seller in the UK is expected to be the automatic, complete with electric windows and air conditioning at an all-in price of about £12,000. Nearer the time of the International Motor Show in Birmingham, a V6 version of the Alfetta GTV coupe is expected to arrive, the Alfa 6's V6 being fitted, but up-rated, to provide yet more power.

Also due in a couple of months are revised versions of the small Alfasud models, featuring new wrap-round lighting and bumpers and interior treatment, though most likely to interest the younger executive seeking something slightly different are the hatchback versions of the more sporting Ti models. These are due towards the end of the year and will be fitted with the twin-carburetter, 95 brake horsepower variant of the 1.5 litre engine, already fitted to the Alfasud Sprint Veloce coupe.

Audi's Geneva Show sensation—the four-wheel drive Quattre coupe—is likely to start arriving in Britain from October, but only in left-hand drive form and at a price of around £15,000.

At about the same time, less dramatic Audi 90 coupes are likely to appear with 1.6 and 2.2 litre engines, in keeping with Audi's declared objective of improving the appeal of its cars to younger buyers.

Audi has felt for some time that it has been losing sales to BMW because of the latter's more sporting image, and that Audi's own "buyer profile" has been climbing uncomfortably high in the age range. The new coupes, plus Audi's substantial investment in motor sport announced last year, are intended to redress the balance.

Future models

BL's future models programme inevitably has been affected by thew ider uncertainties surrounding the company. Long-term planning has been rendered problematical, and the last 12 months has seen something of a reshuffling of projects. Thus, the timing of the introduction of a replacement for the current Rover, codnenamed project Bravo, appears to be slipping from the originally envisaged autumn of 1983.

The new car would be smaller and lighter than the present model and would be likely to be offered in more variants than the current hatchback only form. More than one rival believes that the current Rover has missed out on potentially considerably higher sales by not offering "conventional" three-box saloon and an estate version.

The V8, in-line six and a four-cylinder version are likely to be used, with all electronic governing systems to improve fuel efficiency.

BL has made considerable progress with improving the fuel economy of its Jaguar models, of which the Series III XJ saloon was launched last year.

Nevertheless, although the introduction on the big V12 unit has improved its fuel consumption by a claimed 50 per cent, with improvements also in the smaller in-line sixes, the Jaguars are now heavy cars by intenrational standards.

BL's problem is how to introduce a lighter vehicle without losing what is universally regarded as its major asset—a degree of refinement and on-the-road silence which many motoring journals have compared very favourably with Rolls-Royce. And that means a comprehensive re-egineering exercise and a need for major new investment.

Projects exist to replace both the XJ saloons and the XJS coupe, code-named XJ40 and XJ41, respectively. But the saloons in particular are still selling well, and BL's need to bring into the market as soon as possible its various new cars for the volume sector appears to have pushed the Jaguar programme rather down the league table of BL's priorities.

Much closer to hand is the replacement for the Austin Morris Marina, which is to be discontinued — including the name—in July. Mechanically, the successor will be little changed from the Marina. But both the interior and the body shape are substantially revised.

The new car should be a major beneficiary of BL's campaign this year directed against "NVH" — noise, vibration and harshness—an area in which BL has been exposed to mounting criticism of its volume cars, and to which it is responding by a number of sound-proofing and anti-vibration and resonance measures across its range.

With the introduction of the Mini Metro in October may come a revised Maxi, and some time next year probably the long overdue hatchback Princess which is also to receive a facelift and versions of which may include a turbo-charged "O"-series engine on which BL has been working for some time.

This should be joined shortly thereafter by the joint BL-Honda small car, and in 1982 by the small to medium-sized LC 10.

BMW's replacement for its oldest models, the mid-range 5 Series, was originally expected to appear later this year but will not emerge until 1981. The 1.8-2.8 litre engines, in developed form, are expected to be retained along with most major mechanicals, but the body will be more aerodynamically styled and considerably lighter than the existing model.

In the meantime, its top-line 7 Series has been heavily revised mechanically, and the first turbo version, the 745i, will soon go on sale, but not in the UK. Top range cars are being fitted with Bosch's Motronic engine computer, which effectively tunes the engine 400 times a second for maximum fuel efficiency and performance, while also appearing is a cut-out for three out of six cylinders for cruising, both saving fuel and preventing excess wear by exhaust gases "washing" the cylinders not in use.

Competition

BMW is also developing 2.4 litre turbo diesels for late 1981 and later this year will introduce on-board computers for read-outs on average fuel consumption, expected journey time, and so on. As of this month, BMW is offering its anti-skid braking system on cars sold in the UK, at an additional price of about £800.

Citroen within the next two years should be introducing the GX, filling in the range between the small GS models and the larger CX.

Fiat's top-line Mirafiori model, the Sport, is expected to take a step up market within the next year with a turbocharged version, with a replacement for the now-ageing 132 model further off.

Ford's big event of the year is the introduction this autumn of the Escort replacement, a front-wheel drive car also to be called Escort but it is expected to be some time before wholesale changes are made to either the best-selling Cortina or the Capri. Ford showed the Altair, a streamlined version of what a future Granada might look like at Geneva, but the company insists that though the next-generation Granada might incorporate many of its ideas, it is far from the definitive car.

Lancia's Delta hatchback, a very much up-market mini hatchback based on Fiat Strada mechanicals, will go on sale in the UK soon.

Within the next few weeks, Mercedes is expected to introduce new versions of its smallest cars, the 200 and 230 series which though unchanged bodily promise to be much more fuel efficient than existing models. They are likely to incorporate all-new light alloy engines promising proportionately at least as great consumption improvements as in the revised larger "S" class Mercedes, due to make their debut in Britain at October's Motor Show.

Mercedes' recent research has concentrated heavily in this area, and the new "S" class cars, say Mercedes, are 14 per cent more efficient aerodynamically and 10 per cent more fuel efficient.

Further off, Mercedes has project 201 — the code-name for its all-new, smaller car, with expected engines of between 1.7 and 2 litres. This has been under development for some years now, but Mercedes plans to produce it at a new factory to be built at Bremen, close to the existing one where it currently builds its "T" series estate cars and commercial vans, and although not officially expected to emerge before the 1983 Frankfgurt show, it could make at least a show appearance there next year. Its appearance in right-hand-drive form in Britain would not be before the spring or summer of 1984.

Saab is one of the few companies which is deliberately ignoring the diesel, concentrating instead on more fuel-efficient petrol engines. Its saloon version of the 900 hatchback car was shown at Geneva and will be available in Britain at the end of the year. Next year it will be fitted with Saab's APC engine. The initials stand for automatic power control, in which a sensor monitors the engine's operation to allow for variations in fuel quality and loading to provide maximum performance and fuel efficiency. Turbo boost pressure is automatically released where necessary to maximise engine life.

Also appearing this autumn, probably making its debut at the Birmingham show but possible a few weeks earlier in Paris, will be Talbot's main executive car, code-named the C9. It is an important model for Talbot, completing a range which will run in size from the smallest, one litre Sunbeam and Horizon models to the 2.6-2.8 litres of the top C9 models, and in price from £3,000 up to £11,000 or so.

The C9's smallest, 2-litre format is regarded as a rival for cars such as Vauxhall's Carlton and the cheaper Granadas, while at the top end it is seen as matching up against the Rover, higher-range Audis and Vauxhall Royale/Opel Senator models.

Described as a handsome but relatively conservative design, it is expected to be built only by Talbot France, and both the 2 litre and 2.7 V6 litre joint Peugeot-Renault-Volvo engine built at Douvrain will be widely employed.

Talbot's only existing 2 litre car—the Spanish-built 2 Litre—will continue to be sold until the C9's arrival and production may continue beyond then strictly for the Spanish market.

Meanwhile, arriving in the UK in the next few weeks will be the last of Talbot's Solara range, the 5-speed version of the mini-computer-equipped SX.

Volkswagen now has most of its Jetta saloons in the UK, but a diesel version is still to come.

An important new car, early next year, will be the revised Passat, which is likely to be offered in a variety of hatchback styles, but also (in line with other manufacturers) at some time later, by a conventional saloon version.

John Griffiths

Buyers seek individual styles

THE MORE it becomes impossible to tell one manufacturer's model from another similar one —hatchbacks are a good example—the faster grow the queues for conversions and convertibles that provide the different and individual touch.

There are, of course, many psychological and practical reasons for the trend. An ageing population wanting once again to feel the wind streaming through its hair, a recapturing of perbaps the remnants of masculinity, possibly a poor engineer trying to brush up his image; on the more practical side, a Lord Mayor wanting a suitably dignified carriage, even an undertaker with a similar requirement for a different occasion.

Rationalisation and what is called the economics of scale have created multi-national motor empires that try to cater for all sectors of a deeply researched market. More specialised manufacturers try equally hard to cover the needs of their chosen slices of the market. They do it extremely ingeniously and it now takes quite a time to read through the extras and options available that increasingly encompass the comfort of a travelling lounge or the press-button efficiency of a peripatetic office.

The remorseless march of science has made it not only unnecessary to open a window, but positively deleterious, at least to the air-conditioning system, and the main purpose these days in winding a window down is to ask the way. And the vehicle has been so silenced that a gale force nine is reduced to the merest zephyr and communication with the natural world (other than perhaps through the sun roof) becomes ever more difficult.

Not so with a soft top. Since the old Morris Minor soft top was phased out there have not ben so many around, though they are beginning to come back. The TR7 soft top, introduced first into the U.S. towards the end of last year, and into this country only in March, has impelled the marque to its highest market penetration since 1977. It was launched as a saloon sports car in 1976 in the UK.

Even more remarkable is the way in which Morgan has increased its following. The Malvern family concern is one of only a handful of enterprises still making bodies on a chasis. As automation in the motor industry increased and chassis became integral with the body standardisation was superimposed on individuality. Only the small or specialist company is left to cater for those who like, and can afford to be different. They are, quite clearly a considerable and, it seems growing number.

Four years ago when Morgan was having to quote five years delivery it expected to see people drop off the end of the queue. Not a bit of it. Today, you will be quoted seven to 10 years for the Ford 1.6 litre or the Rover V8 engined cars. If you were able to buy one there should be no difficulty in getting rid of it at a premium. So there is, as with most things in short supply, an element of speculation in the long order book and additionally the Morgan is something of a collector's piece.

The production rate has not moved very much. It is nine or 10 cars a week, half of which are exported, and not nearly enough to meet demand. A barrier to increasing output is to find sufficient of the right class of craftsmen to maintain a balanced labour force and quality standards. About 115 are employed. Many more than that and, it is felt, one would begin to lose the personal family touch which is a critical ingredient in craft work.

Much the same considerations apply to Mallalieu Engineering though its efforts to recruit more workers to take production from a current 18-20 to 30-36 a year have been aided by the decision of BL to dispose of the MG works, also at Abingdon. Latent skills that were submerged in mechanised assembly lines have been brought to the surface among newrec ruits and a new interest aroused.

Mallalieu is an interesting example of what can be done by someone spotting a gap in market. Mallalieu used to race Bugattis at Silverstone before going to America. There he was given a Mark VI Bentley which he rebodied.

Returning to England in the early 70s, he rebuilt two or three more and a hobby became a business. The starting point is either the Mark VI or R type, of which some 7,500 were made and the whereabouts of those remaining are known. Each car that comes in is stripped down to the last nut and bolt before being renewed, repaired, rustproofed and rebodied until it is restored to The cost: around £25,000. A Barchetta open tourer comes a little more expensive at about £40,000. When they go out of the door they bear the Mallalieu name.

The variety of work is also extending. At the moment, the works is building a Bentley-based Sedanca de Ville, designed by Michael William Towns, who designed Ashton Martin Lagonda's latest extravaganza, the Bulldog. Another recent commission has been for John White the American design consultant, based on a Chevrolet Comarro Berlinetta. Mallalieu designed and built the chassis and added the White designed two-seater body. It took its American bow in a New York window, carrying a price tag of around £35,000.

Most of this kind of rebuild and conversion is for executives and for export customers. Busy executives also need more practical conveyances for moving about in London and other heavily trafficked cities. The Mini is a popular choice as a travelling office to ferry costly executives across town as quickly as possible.

Even though the model is in its 20th year, its appeal is still strong, and certainly Wood and Pickett, one of the best known converters, are not lacking in customers. Starting as coach trimmers, the company launched into complete car work with the Ford GT 40, a Le Mans winner in its time. Besides companies wanting suitably appointed Minis for their chief executives, the company numbers theatrical and pop stars among its clientele, some of whom enliven the passing scene with highly original, not to say startling livery. comes out at £13,735, with £15,641 for a Dorchester and £17,632 for a Grosvenor. The cheapest Rolls is more than £39,000. These Coleman Milne models, together with the Cardinal hearse, have been coming off the lines some 25 per cent faster than nine months ago.

Most manufacturers supply sun roofs, either as standard or an option, in a variety of forms. Tinted glass that absorbs up to 80 per cent of the sun's heat is popular on the top market cars, while steel sliding or fabric folding is more commonly seen somewhat lower down the scale.

For 'fresh air enthusiasts with money, there is the Aston Martin Volante convertible at a shade under £43,000. Bristol Cars has recently added to its range with the turbo-charged Beaufighter that propels one from 0-60 mph in six seconds, which is certainly going like the wind. The 412/S2 model really is a convertible, since the upper structure can be removed for the summer and replaced for the winter.

A tour round those providing convertibles and conversions re-inforces the feeling that this is a sector of the car market most likely to continue growing.

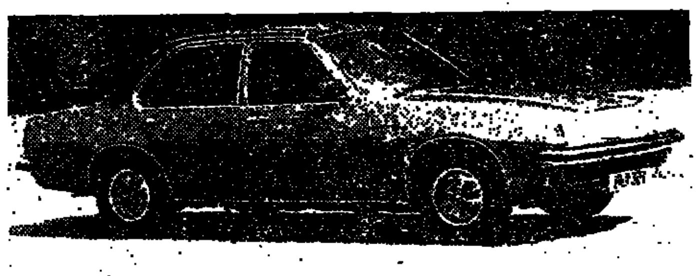
But the doyen of converters is Mulliner Park Ward. Rolls-Royce brought Mulliner and Park Ward together to build the Corniche, and the company turns its hand to practically anything, from a mobile, air conditioned lounge complete with 'phone and television to a shooting brake or a completely protected armoured state limousine costing more than £200,000. Such conversions are usually based on a Phantom VI, of which about 20 a year are made, and of which no two are the same, each being built to customers' individual requirements, down to paint to match the lady's finger nails and as much bird's eye maple, rosewood and burr walnut as needed. Phantom VIs start at £80,000 before much more than a glance has been given them.

A more modest sector of the market, meaning no disrespect to Lord Mayors, Ministers and other important people, is held by Coleman Milne, which even handedly caters for them in life and afterwards. The price of the mayoral Rolls being what it is, and the shy attitude of local authorities to conspicuous consumption, a growing number of them are settling for extended versions of Ford Granadas that enable tired mayoral (or executive) legs to be stretched without embarrassing the company.

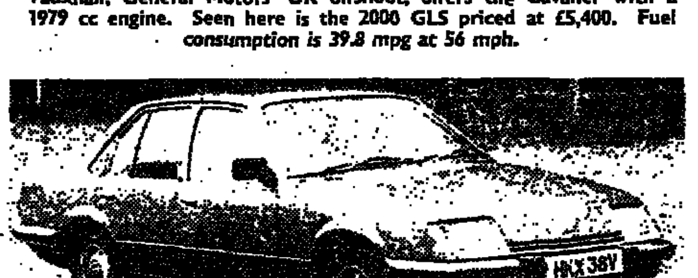
For the seven-seater Dorchester and Grosvenors the interior and transmission of a Granada are removed and 31 in of extra platform and body inserted. This is made on special jigs. A standard Minster

Peter Cartwright

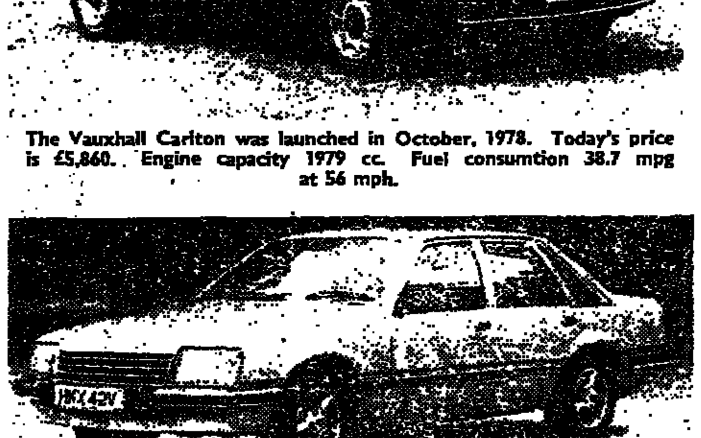
CHOICE IN THE UK MARKET



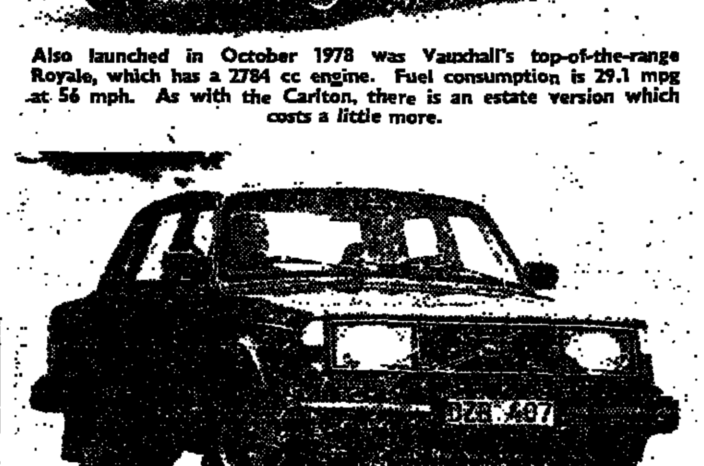
Vauxhall, General Motors' UK offshoot, offers the Cavalier with a 1979 cc engine. Seen here is the 2000 GLS priced at £5,400. Fuel consumption is 39.8 mpg at 56 mph.



The Vauxhall Carlton was launched in October, 1978. Today's price is £5,860. Engine capacity 1979 cc. Fuel consumtion 38.7 mpg at 56 mph.



Also launched in October 1978 was Vauxhall's top-of-the-range Royale, which has a 2784 cc engine. Fuel consumption is 29.1 mpg at 56 mph. As with the Carlton, there is an estate version which costs a little more.



Volvo's 240 series saloons range in price from £6,300 to £8,700. Most of them use a 2127 cc engine, but the 244 GLT (seen here) has a 2315 cc unit.

The Volvo 260 series saloons incorporate a 2664 cc engine. Prices range from £8,900 to £10,500 for the 264 GLE illustrated. Overall fuel consumption is 21 mpg for the automatics and 25 mpg for the versions with manual transmission.

An important niche for four-wheel drive vehicles

THE four-wheel drive vehicle is establishing a special place in executive motoring, due largely to the success of the BL Range Rover worldwide, although competitors are constantly upgrading the comfort of their products in an effort to challenge the dominant position Range Rover has established.

Initial demand in the United Kingdom for the Range Rover undoubtedly benefitted from its trendy image, and many were to be found in the smarter suburbs of London, untarnished by mud from country roads or cross country use.

The sporting fraternity was also one of the earliest to discover the benefits of the Range Rover, finding it highly convenient for towing horse boxes and a variety of rural pursuits such as hunting, fishing and shooting. It provided speed and comfort on the road, while offering almost as much versatility as the previously ubiquitous Land Rover.

As a result, demand soared. BL was unable to meet requirements and vehicles were changing hands at well above the normal retail price. When their popularity rapidly spread to the export markets, the shortage became even more acute.

Within the broad market for executive cars, four-wheel drive vehicles still hold a very small share, although BL believes that the Range Rover actually created a new market which competitors have found difficult to penetrate, particularly in the UK.

Overseas demand

At present, around 3,500 Range Rovers are being sold annually in Britain, compared with about 12,500 worldwide, and this proportion has now stabilised.

However, while UK demand has tailed off slightly probably as a result of increased fuel prices and the comparatively thirsty performance of the Range Rover, overseas demand is as strong as ever.

The strongest overseas market remains the Middle East, where comparatively harsh road conditions and the needs for cross country capability, have madethe Range-Rover ideal, particularly when owners also demand a high standard of comfort.

Demand from Nigeria has also improved lately, while sales of knocked-down models in countries such as Australia and South Africa have remained good.

A high proportion of overseas sales are, like those of Land-Rovers, to Government, military or para-statal organisations, many of which place orders in batches, make it essential for BL plants to be able to give reasonable delivery dates.

Customer requirements have also led to considerable improvements in the Range-Rovers specifications. Early problems on noise have no wbeen considerably improved, air conditioning has been made an option, and early problems with the tail gate has been ironed out. Much of the overall improvement in quality is attributed to decentralisation within BL, giving more on-the-spot control over production.

BL has been aware for some time that to maintain its lead in the four-wheel-drive market it must improve availability of its vehicles, and the 18 month waiting period experienced two years ago has now been cut to three to six months on the Range-Rover.

This is due mainly to the company's heavy investment programme involving expenditure of around £250m over the next few years. About £30m of that has already gone into improvements such as a new V8 engine line, and the rest will be spent on a new engine plant, new assembly lines and product development. Overall, this will double Land-Rover and Range-Rover production by 1983.

It is perhaps unfortunate that this investment could not have been made some years ago, since orders have undoubtedly been lost as a result of shortages, and competitors have been able to win a foothold in the market, although there is evidence that some are having trouble holding on to it now that BL output is increasing.

In the past year, production has been highly satisfactory to BL, and has only been slowed marginally by the steel strike. A batch of 50 Land Rovers can now be supplied within three to six months compared with 12 months a year ago, and in export market this is important.

Around 60 per cent of all Land Rovers sold are now bought by government or military organisations, and around 75 per cent of overall production is exported.

Much of the overall increase in demand for four-wheel-drive vehicles in the past six years has come from the "leisure" market, particularly in the U.S. where the popularity of sturdy but comfortable four-by-fours was surprising to the motor industry. But with the onset of the fuel crisis things have changed dramatically.

As in the U.S., British customers are now increasingly aware of the high fuel consumption of four-wheel-drive vehicles. BL is therefore working hard on improving the fuel consumption performance of the range-rover, which does around 17 miles to the gallon. It is hoped that this can be improved by 20 to 25 per cent on models which can eee will be available within the next year or so.

Faced with the same problems as other producers of cars with high capacity engines, BL is now looking at the possibility of introducing a diesel-powered version of the Range Rover, although the acceptability of a diesel-engine vehicle in the UK is not as great as on the continent, due to the smaller price difference when compared to pertol, and the general availability of diesel.

Export prospects

Export potential for both Range and Land Rovers is seen as particularly good in some Far Eastern countries, such as Indonesia and Malaysia, while there are hopes that demand in Latin America not a strong market at present, can be improved through MSA, the Spanish company which builds Land-Rovers.

It is somewhat surprising that Range-Rovers have not been marketed in the U.S., but with demand still well above output BL appears unwilling to make the major capital investment needed for the vehicle to meet emission-control and other U.S. requirements.

A few Range-Rovers which have been adapted by other companies have had an enthusiastic reception in the U.S. Range-Rover is estimated to hold 70-80 per cent of the UK market for four-wheeled-drive vehicles of its type, although the "market" is hard to define. Initially, there was some concern at the introduction of the Mercedes G-Wagon, but its higher price has meant little impact on the Range Rover.

There has also been some competition in the UK from the U.S. in the form of Jeep's Cherokee and Wagoneer, and from the French Matra-Simca Rancho, but none is regarded as similar enough to the Range Rover to be a true competitor. Subaru of Japan has also mounted an aggressive challenge, recently.

Although BL is not complacent, and believes that its major investment in four-wheel drive vehicles will consolidate its lead both in Britain and abroad, the problem of fuel costs is persistant and competitors are unlikely to give up trying to come up with something better.

Lorne Barling

هكذا من الأصل

The Peugeot 505

Executive Car of the Year

What Car? magazine

"The new car that offers excellent handling and power steering as well as an outstanding ride to complement its very respectable performance."

"We found it hard to fault."

"The 505 is a sensible thoroughly developed executive car..."

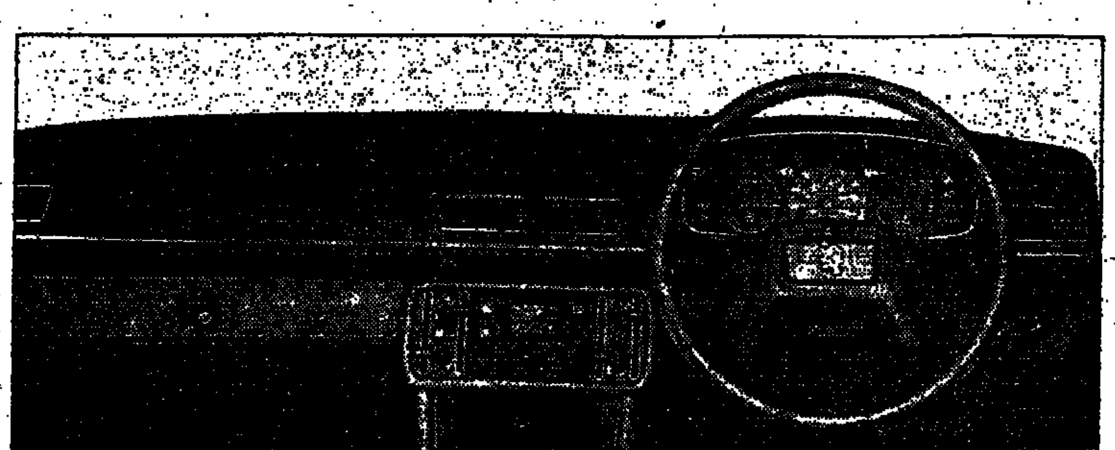
"The new 505 has beaten some impressive rivals to take its class."

"What the other Experts Say"

"With the 505, Peugeot have achieved their aim to produce a car that has the excellent ride, good noise suppression and comfort of a limousine, but that has the sporty appeal of cars from a marque such as BMW."
What Car?, November 1979

"The 505's main appeal is that it is a particularly well balanced all-rounder, notable for its quietness and comfort."
Daily Telegraph, November 1979

505 STI Interior



505 GR Dashboard

"Quite simply, the 505 is an excellent motorcar... good at most things, excellent at some, and poor at none."
Motor, November 1979

"It is, above all, a well-balanced car: quiet, well- sprung and pleasant to handle."
Sunday Telegraph, December 1979

"Ride and handling of the 505 was impressive. Towcar of the Year 1980, the Peugeot 505 SR."
Caravan, December 1979

"TI/STI with new Douvrin engine is the definitive 2.0 litre four-door saloon."
Car Magazine, December 1979

"As always in a Peugeot, the ride quality is superb."
Financial Times, December 1979

Peugeot 505 TI wins German Golden Steering Wheel Award. This is the first time a non-German car has won this accolade, sponsored by the Springer Group, publisher of Europe's largest Sunday newspaper

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333 Western Avenue,
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PEUGEOT
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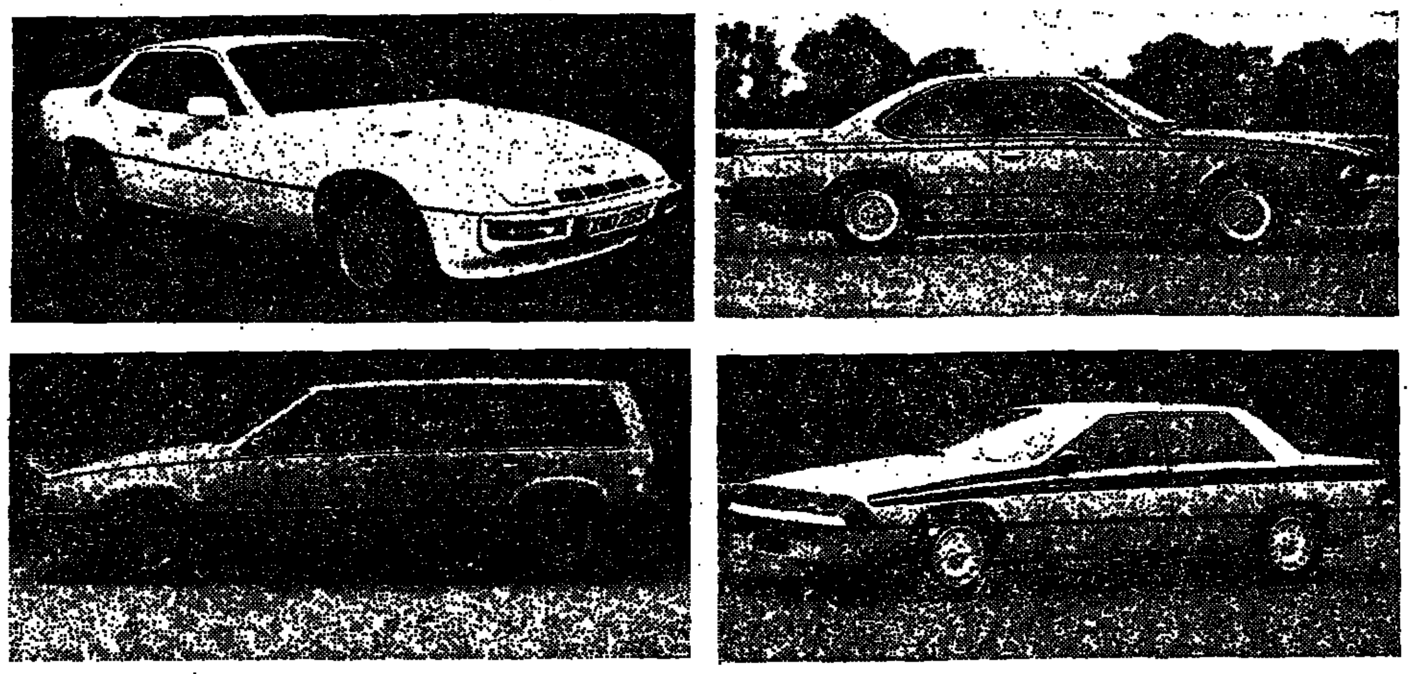
Exotic motoring takes many forms

EXOTICA, in motoring terms, can take many forms. In the sense of both product and the undertaking itself, there can be few projects more exotic than that taking shape on the 72-acre site in West Belfast where former General Motors executive, Mr. John De Lorean is employing £54m of UK Government funds to build his gull-winged sports car.

The first cars are now in pilot production and are destined to go out to De Lorean's U.S. dealers towards the end of this year.

But in a move in which De Lorean is essentially hedging its bets against the severe downturn now taking place in the U.S. car market, the De Lorean DMC 12 as it is called—it has yet to receive its proper name—is also due to go on sale in Europe and the UK early next year.

To date, dealer networks have yet to be put in place, and by any standards setting up such an operation within the planned timescale appears ambitious.



The Porsche 924 turbo (top left); the BMW 635 CSi coupe (top right); the Volvo concept car (lower left) and the Ford Granada Altair (lower right).

If it does work—and so far De Lorean has succeeded in rolling back much of the criticism first directed at the project by completing both plant and the first cars roughly on time—Britain's old-established specialist makers will be facing up to a potentially serious challenge.

THE DMC 12, a significant role in the development of which has been played by Lotus, is unusual, apart from the gull-wing doors, in having a V6 Renault engine mounted at the rear, with a glass reinforced plastic body, and stainless steel body panels which will remain unpainted.

If De Lorean manages to keep costs under control to the extent of sticking to its current pricing policy of putting the DMC on sale in the U.S. at undner $20,000, its sale price in the UK could put it in close competition with those of Britain's existing specialist makers who have managed to survive the major shake-out which followed the 1974 oil crisis.

Among some of those who have survived, retrenchment into fixed production volumes and the abandoning of non-essential projects has induced some modicum of stability. Even so, it is a precarious field, an done in which new competition is hardly welcome.

Phenomenon

Their survival in itself is a phenomenon unique to Britain. And their presence does leave the British executive looking for something out of the ordinary for a price up to £12,000 rather better served than his counterparts in most other countries.

While Lotus has moved steadily up the market since Colin Chapman's early days as a builder of kit cars—the "cheapest" Eclat now costs £13,000 and the range extends up to the recently introduced Esprit Turbo at £20,900—the highly traditional Morgan two-seaters remain within the £5,500 to £8,000 bracket. Demand for them remains sufficiently high that their production of just a few a week has led to waiting lists extending over several years.

Panther Westwinds, based at Byfleet, Surrey, ran into trouble at the end of last year and is in receivership, but is still producing, among more exotic vehicles, its Lima and Lima Turbo vintage-style two-seaters and discussions are going on with at least seven parties interested in taking the company over as a going concern. The Limas, powered by Vauxhall's 2.3 litre unit—Panther has a long standing, close association with Vauxhall—sell within the £8,500-10,500 bracket.

Panther also builds £30,000 vintage-type cars, notably the J72, and has recently started work on the next production model of its Panther 6—a six wheeled "supercar" said to be capable of close to 200 mph.

And demonstrative of the sometimes topsy-turvy world of the specialist makers, as a company in receivership it has also started assembling the ME 3000 sports car for Thames Ditton-based AC Cars.

The ME 3000 was one of the most exhibited cars of the 70s, without actually going into production until last year. Now, AC is moving factories and has had to cut its output to a couple of cars a week, so Panther is helping out. The AC car is now available to order at a price of just over £13,000.

Two months ago, Reliant, whose staple over the decade has been the estate-car styled Scimitar GTE, a V-6 Ford powered vehicle with a glass fibre body, also launched into the open two seater market.

Body re-styled

Though based on the GTE, the "GTC" is not simply the estate car with its roof cut off: the body has been comprehensively re-styled by Ogle Design (responsible for the original GTE) and the car has been fitted with the German-built 2.8 litre Ford V6 unit instead of three-litre British Ford V6 installed in the GTE. Both manual and automatic versions cost a fraction under £12,000.

The turn of the year also saw the passing of one of the longest-surviving and steadily-developed of all British sports cars—the TVR 3000M. It began life at the end of the 50s and by the time of its phasing-out in February had grown from a basic 1½-litre closed two-seater, into coupe, hatchback and convertible forms, the latter with a turbocharged V6 Ford capable of 140 mph.

Those cars have been replaced by a single model, the Tasmin. A two-seater coupe, it has met with a very favourable reception from the motoring journals and appears almost inevitable that convertible and turbocharged versions will follow.

TVR has invested about £1m on the new car at its Blackpool works, a substantial sum for a small company which has set a firm ceiling on production of about 300 units a year. Its managing director, Mr. Martin Lilley, has vowed to avoid what he sees as the fearful pitfalls of expansion to which other makers have been tempted, only to suffer severely when the market has turned down. Production is now well under way, and the Tasmin, which is also being sold throughout Europe, has a retail price in the UK of £12,800.

Perhaps one of the most exotic and anachronistic, specialist British cars of all, is sold as a kit out of Caterham in Surrey. When Colin Chapman started his move up-market with the Lotus Elan and Europa at the start of the 1970s, Caterham Cars took over the rights to the original Lotus Super Seven.

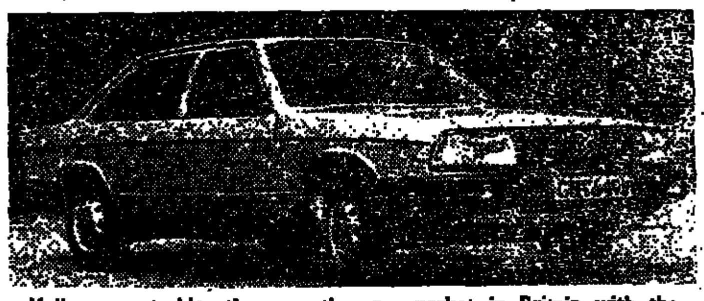
They discarded the most "modern" version, the Series IV, in favour of the original design first launched in the 1950s—and have been shipping them all over the world in kit form ever since. With 126 bhp in a car weighing little over 11 cwt, for £5,500 this diminutive slingshot accelerates from a standstill to 60 mph in about six seconds, which is faster than nearly all of the Ferrari, Maserati and other "supercars."

John Griffiths

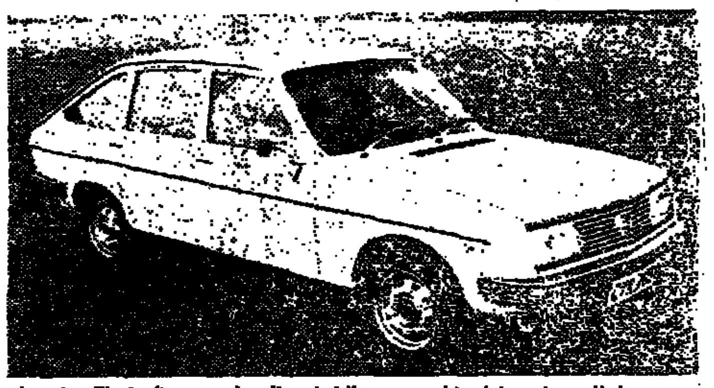
CHOICE IN THE UK MARKET

Fiat's "flagship" of the range is the 132 "2,000," introduced to Britain in August, 1977. The 1995cc twin OHC engine has been developed from the familiar 1600 and 18e00cc Fiat units and gives considerably more torque at low speeds and also offers good fuel consumption. Average fuel consumption at 56mph is 33.6mpg. The current price is about £6,100.

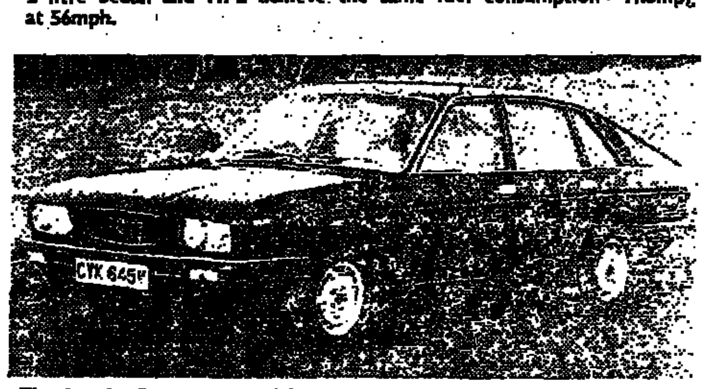
Fiat can justify its claim that the Supermirafiori is an "executive" saloon even though it has a 1600cc engine. Price is £4,880 and fuel consumption 44 mpg at 56mph. The Mirafiori Sport (illustrated) does have a 2 litre engine. It was launched in the UK in October, 1978. Priced at £5,500, its fuel consumption is 33.2mpg at 56mph.



Volkswagen tackles the executive car market in Britain with the Audi 100 series. The range is offered with either a five-cylinder 2.2 litre engine or the five-cylinder 2.2 litre engine with fuel injection. Prices vary between £6,200 and £10,400. The new Audi 100s were launched in Britain in January last year.



Lancia, Fiat's "up-market" subsidiary, would claim that all its cars come into the executive catagory. The Beta range—the four-door Sedan is illustrated—offers a choice of either 1600cc or 2000cc engines, as do all the Lancia models. Prices range from £5,400 for the Beta 2000 to £7,500 for the 2 litre Beta HPE (for high performance). The 2 litre Sedan and HPE achieve the same fuel consumption—41.5mpg at 56mph.



The Lancia Gamma is available in two versions, the Gamma Berlina, a four-door, five-seat saloon, costing £7,950 (shown here), and the two-door, four-seat coupe called the Turismo, priced at £9,950. Both have 2.5 litre engines. Fuel consumption at 56mph is 33.1mpg for the Berlina and 32.4mpg for the Turismo.

A three-year boom in car leasing

IN THE last three years, car leasing has boomed and—hardly surprisingly in any area of rapid growth—the rules surrounding the practice have been changing just as fast There are now signs, however, thatthe main phase of expansion has come to an end and that the tax rules have been rewritten in a form that should prove relatively durable.

The popularity of leasing has been based on the tax system, which since 1972 has allowed buyers of assets to claim 100 per cent relief in the year of purchase. Businesses such as bank, which would not normally buy anything like sufficient assets to match their profits for their own use, soon began to buy the assets and pass them over for the use of manufacturers and others through a leasing agreement.

In practice, this meant tht the investment incentive was shared, through the rates, between the lessor who was deferring his tax liability until he had to pay tax on his rental income, and the lessee for whom the rental would be much lower than the interes rate burden of buying outright.

The growth rate for all leased assets is indicated by the figures of the Equipment Leasing Association, whose membership is dominated by the big banks and which claims to account for about 80 per cent of the market. In 1971, annual leasing undertaken by ELA members was £159m; by 1976 the figure had risen to £421m; and in 1979 it was £1.8bn.

Car leasing was slower to get off the ground than leasing of plant and capital equipment. But the way was cleared by two decisions of the special commissioners for taxation in July 1975 in favour of Godfrey Davis and Ford Credit. These ruled that cars could be treated in the same way as any other equipment under the capital allowance provisions of the 1971 Finance Act.

Combined with the looser credit controls introduced in July, 1977, this allowed car leasing to take off. From £6m in 1976, ELA figures put business at £57m in 1977, £343m in 1978 and £468m in 1979.

Company schemes

The Inland Revenue particularly disliked some of the fringe activities that went on as car leasing mushroomed. Essentially its dislike was centred on companies which offered schemes under which the car ended up in the hands of the employe or director after the leasing period—typically at a sale price of 10 per cent of the original cost.

At the same time, there were doubts in the Treasury whether a policy designed to reduce the cost of capital investment could be permitted to reduce the cost of motoring indiscriminately.

There was a two-phase attack from the authorities. In the first, the Revenue moved to discourage what it considered fringe leasing. In the summer of 1978 it warned explicitly that it would disallow tax claims under the fringe schemes when they were eventually made under the existing legislation.

It would do this in a variety of ways, it said. It might deny the company which leased the car tax deductions for the rental payments; or executives could be taxed under the fringe benefits legislation.

Finally, it might hit at the leasing company itself. It could do this either by obliging the lessor to bring the full market value of the car on sale into its calculations of capital allowances, or if the agreements always led to asles to executives, it might argue that the car was not a capital asset, but stock in trade, and did not, therefore, qualify for capital allowances.

Government measures to control car leasing were taken a step further in the following Budget, in 1979. The rate for first-year capital allowances was reduced from 100 per cent to 25 per cent, putting the allowance on the same basis as the directly purchased car. The Chancellor, Sir Geoffrey Home, said the discrepancy had "resulted in a loss of tax which is currently running at about £175m a year; and which could well rise to £200m if I take no action."

The immediate result of this change is difficult to quantify, although those specialists in passing on the residual value of the car user have mostly switched to other activities.

The ELA figures, recording a peak for 1979, do not give any breakdown of performance over the two half years. However, the indications are that significantly the greater part of the business was done in the first half.

Allowance rate

The reduction in the allowance rate has probably helped to switch the direction of the UK leasing market more onto U.S. lines, where 80 per cent of fleet cars are estimated to be run on operational leases—effectively a combination of contract hire and leasing. That the UK market has a long way to travel is suggested by the fact that four-fifths of the company cars on the roads are probably self-financed and operated.

However, while ordinary car leasing was stagnant in the second half of the year, companies offering operating leases were enjoying a boom. PHH, one of the companies providing a fleet management service, says that its business doubled in the second half. At the same time, the old contract hirers, such as Interleasing and Dial Contracts, have moved into the management field.

With the tax advantages of the pure lease reduced, and with it the attractiveness of the price, the advantages of the operational lease, which combines the better cash-flow of the financial lease with the management saving benefits of contract hire, come into their own.

The lessee pays the leasing rental regularly, is billed for repairs and maintenance and retains the residual value. The main expense is the commission, but this is typically smaller than the saving that can be made by using the services of a large specialist.

The specialist has much greater buying leverage than even a single company, since the company's requirements will be spread across dealers through the country.

The other advantage comes on maintenance. Dealers welcome the company fleet because, generally, the cars are not so well supervised as those owned by private individuals. A large specialist managing company has professionals to check for work done. It is also able to compare operating data across a much broader range.

Meanwhile, in its second Budget, the Conservative Government has passed more legislation to control the leasing market. This time the main changes were directed at leasing abroad, and to tax exempt bodies and consumers. Individuals can no longer enter the market as lessors, while there will be controls on exactly what can be leased for the first time. These measures imply that the Government has now drawn strict boundaries within which leasing can operate unhampered and that these rules will remain relatively unchanged in the future.

David Freud

'Buy British' campaign comes under fire

BL'S "BUY BRITISH" campaign has attracted a fair degree of criticism from those who believe that unless the company—and British industry as a whole—can compete on equal terms with the best foreign manufacturers, then buying British will merely conceal a decline in overall competitiveness.

The result, in the case of cars, would be the need for import controls to protect the British motor industry from imported cars, which may be more desirable to the public than those made domestically.

However, BL believes that its enormous investment programme will make it highly competitive within a relatively short time, and that in the interim, the British public should act in the country's interest by buying its products.

In the executive car sector, BL's message is already well understood, since the great majority of its Jaguar and higher engine capacity Rover cars are sold to companies, many of which have pursued Buy British policies for many years.

Dozens of companies in the Midlands, for example, would hardly dream of buying foreign cars, since the area is dominated by BL's enormous buying power for components and materials. Not only has it been a matter of good business principle to buy BL (or other British cars), but customers have generally been satisfied with their products. Those who have not have voted with their feet and bought foreign cars.

BL's message of "Combining judgment," leaves the customer with the very clear option to exercise his opinion about BL Cars. Unfortunately, it is not possible to clearly identify the corporate response to the "Buy British" campaign, since sales of BL executive cars to companies are not specified in recent figures.

The improvement in BL's overall position in the UK market following the start of the campaign, its competitive prices, and its efforts to improve a number of aspects of after sales service, appears to have been a cumulative outcome rather than one which can be attributed to advertising alone.

There is no doubt that British industry as a whole has benefited from the broad scopes of BL's advertising, which has pointed out a whole range of manufactured products where a progressive increase in imports has led to the virtual end of some British industries.

However, it has also clearly illustrated that whatever the consumer will seek value for money, apparently regardless of the consequences for industry and the country as a whole.

Critics within the motor industry would also argue that the recent improvement in BL's sales performance, owes more to its competitive prices than to the customers' desire to buy a British product.

BL has also been taken to task for buying foreign manufacturing equipment for its new Metro production facilities, but this has been countered with the argument that it could not buy comparable equipment from a British source.

The increasingly international nature of the motor industry, does, in any case, make it much more difficult for the customer to know whether he is in fact buying British. This applies even more widely in the components industry, where an item may bear the name of a British company, but be manufactured abroad by one of its subsidiaries.

Most UK-based motor companies now have an increasing proportion of foreign components in new cars, the latest example being the new Talbot Solara, which is 65 per cent British-manufactured. However, the significant inroads which British motor components manufacturers have made into foreign markets, does much to offset this adverse trend.

The policies of the major component companies such as Lucas, which is constantly increasing its presence overseas through direct sales and manufacturing, are likely to complicate the matter even further, through the re-import of their products on foreign cars. The most striking example of this is the high British components content in Volvo cars, which has successfully been used in advertising to appeal to the patriotic British buyer.

Although Ford has recently been importing a high proportion of its cars, mainly from Cologne, where Granada and Capris are made, and from plants in Belgium and from Valencia in Spain, this has been because demand could not be met from British factories.

The company argues that it cannot allow sales in the UK to be lost for lack of vehicles, and that a fair amount of the components in these cars are in any case manufactured in Britain. It believes that with overall demand for cars now slackening, its UK plants will be better able to meet demand and imports will be curtailed.

Overall, the inability of British-based motor companies to have cars available at times of high customer demand, is seen as a major factor in the rapid increase in the volume of imports over recent years.

With the market now moving rapidly into over-supply, there is a valuable opportunity for UK manufacturers to regain some of the lost ground, although there are fears that importers have not established such a strong presence that it will be impossible to do so.

Lorne Barling

Increasing demand for in-car telephones

IN-CAR TELEPHONES have become increasingly popular among executives during the last few years. In London alone, about 1,500 people have been waiting to join the service. The manual service, which has been operating in London since 1963, is full to capacity with 3,300 users, but the Home Office, which allocates the radio frequencies, could not give the Post Office any more air-space to further extend the system.

Thus, the Post Office has used a technique to squeeze more telephone conversations on the same number of frequencies which will eventually accommodate those now waiting to join the service. At the beginning of May, the Post Office began to implement its improved service which has totally automatic dialling and does not require operator assistance as does the present manual system.

The Post Office says that those joining the new automatic carphone services can dial directly from their cars to any of the 25m telephones in Britain. In addition, international calls to 90 countries can also be dialled direct.

Expansion plan

The introduction of the system will initially speed up communications in the London area, but the Post Office intends to gradually expand the service throughout the country. The manual service covers all the UK's main industrial areas in Severnside, South Wales, the Midlands, South Lancashire, Tyne and Wear, Edinburgh, Glasgow and Aberdeen.

It costs £100 a quarter to use the automatic system, exclusive of VAT. The charges for phone calls are based solely on the duration of the call, irrespective of distance. During normal working hours (8 am to 6 pm) the rate is 3½p for 8 seconds, while the cheap rate is 3½p for 15 seconds.

Customers can rent or buy radio equipment for their vehicles from three authorised suppliers, Marconi Communications Services, Pye Telecommunications and Storno, who arrange to instal and maintain the mobile equipment.

Although not strictly termed "in-car communication," radio paging is becoming an increasingly popular way of keeping in contact, while on the move. Most countries offer radio paging systems for use within specific areas or on a country-wide basis.

The UK Post Office announced last month that it was to start a new radio paging system later this year. It says that, when fully operational in 1982, it will be the largest radio paging system of its kind in the world.

Users of such a system carry cigarette-sized receivers which bleep when a telephone call is made to activate it using a unique 10-figure number. Calls to activate the pager can be made anywhere in the country and such calls are free.

About 30,000 radio pagers are now used on the Post Office's network in London's Thames Valley area. In April, the Post Office ordered another 70,000 pagers at a cost of £6m. Services are also available in Aberdeen, Birmingham, Bristol, Cardiff, Glasgow, Liverpool and Manchester.

The new service will mean that the country is split into 40 zones. The radio transmitters used to transmit the signals to activate the bleeper in each zone are controlled by a special network of computers. The Post Office says that customers can select the zone in which they wish to be paged. Paging can be restricted to a single zone or extended to cover the whole country.

People who have pagers capable of being contacted over the entire country will be able to have two separate numbers so that they can be called from two different places, such as the home or office. Pagers with this facility, called "second address," give different bleep tones to distinguish where the calls have been made. Another is called "group calling" which allows up to 99 people to be paged by a single call.

When the computers start operating this year they will initially take over the existing services. Only those in the Thames Valley area will have to obtain new pagers from the Post Office. All others will work without modification.

There is a charge of £5 to join the Post Office system. Pagers cost £7 a month to rent for a single zone. National pagers cost an additional £1 a month for every extra zone outside the nominated home area. The facility for "second address" is another £3 a month while group calling adds £5 to the total bill. These costs are exclusive of VAT.

There are occasions when motorists do not need direct communications with the office which is afforded by car-phone and pagers, but they nevertheless need to be kept informed of motoring and weather conditions which could hamper the smooth progress of a journey where an important business meeting is arranged at the destination.

Another system, still very much in the early stages of development, is being developed by the BBC. This is a radio information system for motorists, and is called Carfax, which is a radio equivalent of its television information service, Ceefax. But Carfax will provide traffic information specific to motorists who will require a special receiver to use the system which can alert a driver that he is approaching a difficult area and should avoid it.

It is even possible to mute the normal radio music so that a Carfax message can override it. The BBC say it will even be possible to transmit in several languages so that foreign motorists will be able to benefit from it. However, it will take several years before the system becomes universal.

As well as the Post Office's car-phone system, there is already a large number of companies using private radio services which are similar to those used by taxi drivers around London. There has been a great demand for the growth of mobile radio systems in the UK and throughout Europe.

In Britain, much of the growth has been hampered by the lack of suitable radio frequencies. The radio bands which are used by mobile radio, are also needed by other users, such as television services.

Post Office restrictions on the approval of equipment have held up development in mobile communications in the past. However, the relaxation of Post Office regulations means that manufacturers are looking forward to providing more facilities and expanding private systems, with the further possibility of linking-up with the public telephone network.

Securicor, for example, is now able to connect its mobile radio subscribers in nine industrial centres in the UK to the national and international telephone networks. Two more areas opening shortly. Securicor claims it is the largest direct speech facility offered by any organisation in Britain. The company also offers a Relayfone service for passing messages and information.

Elaine Williams

New rivalries in sports car sector

THERE WAS a time when the concept of a sports car was clear cut: it had two seats, was open to the air, required the owner to possess some of the qualities of an all-in wrestler to erect the hood and, on all but the smoothest roads, he required dentures to be cemented firmly into place.

The edges of the sports car concept have long since *blurred: with few exceptions,* the sports car has become the sporting car. As suspensions became increasingly refined, and more power became extractable from ever-smaller engines, so "traditional" sports cars, such as the MGB, found themselves consistently outmatched in performance and handling by a new generation of coupes and even saloons, such as VW's fuel-injected Golf Gti.

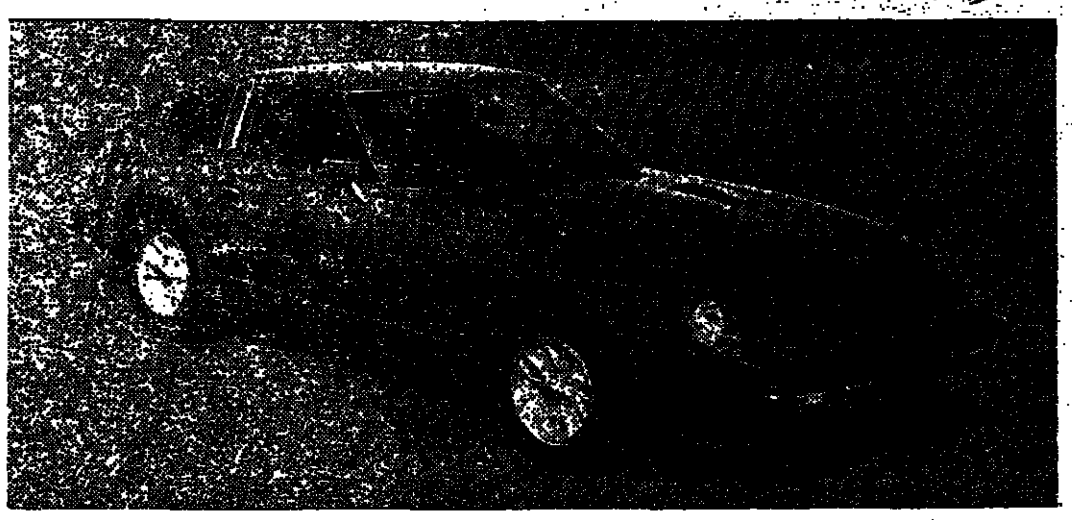
For a time, in the early 70s, it looked as if the very concept of an open car was doomed. Legislation against open top cars on safety grounds appeared to be looming in the U.S., and without a U.S. market—it traditionally has taken three-quarters of British sports car production—the traditional sports car had no future.

The threat receded — but not until after the then-new Triumph TR 7, designed originally as a soft-top, had been reworked with a steel top and the styling which has been controversial ever since.

Last year, that situation was remied—and the open version, with a reprofiled lower rear bodywork went on sale there and, this spring, also was launched in the U.K.

At a price of around £6,000, the five-speed hard and soft-top versions now available in the UK have been *acclaimed* as much improved vehicles over the original four-speed version launched four years ago.

Some question marks still remain over just how assured its future is within the swirling currents at BL. But the V8 engined version is due to go on sale in Britain later this year—which, however, may not happen *in the unlikely event of demand* for it in the U.S. running too high — and the O-series engine, possibly turbo charged, may be introduced into it at a later stage. Thus BL could stand to gain sizeable sales for a car which with performance which in V8 form would be verging on the "supercar" bracket for a price likely to be well below that of its competitors.



Datsun's 280ZX sports coupé costs £9,000

In any case, BL's direct competitors in the open car bracket are few, and almost entirely British. The notable exception to this is the £5,500 Fiat X1/9, a mide-ngined sports car with a detachable "targa" top which has sold well in both the U.S. and Britain.

With the ending of production of the MG Midget and Triumph Spitfire two-seaters, BL is thus abandoning the "cheap" sports car market. But subject to the BL-Aston Martin consortium deal being finalised, the MG B will live on, with the O-series engine installed from the end of the year, and it is the consortium's intention to have an all-new MG ready for the market by about 1983.

With the passage of time, however, more and more younger, well-off executives have been wooed to the civilised, but still very much sporting, enclosed vehicles offered by makers such as Porsche, Lotus, Lancia, Datsun and Mazda.

The traditional Porsche models, the 911 versions, are now expensive cars by any standard: the most basic, 911SC version now costs over £16,000. The 924, introduced in 1977, was a major departure for the company in abandoning the rear-engine, rear drive for a front-engined, water-cooled model, but the 924 has since gone on to become the company's biggest seller by a large margin. At a basic price of £9,500, it has brought a Porsche within the range of the company executive buyer.

With the launch last year of the 924 Turbo, a 140 mph version which retails in the UK at £13,600, and more recently still the larger V8-engined 928 S, Porsche now has a model range covering a large sector of the market, extending up to its 3.3 litre 911 Turbo at £28,000.

Proving that the Wankel rotary engine concept is still very much alive and kicking, Toyo Kogyo last year began shipping to the UK it Mazda RX 7 sports coupe, a twin-rotor machine which appears to have overcome many of the fully justified criticisms applied to earlier Wankels of excessive fuel consumption and short engine life. Priced at £8,500, its overall fuel consumption of about 20 mpg is nearly double that obtained from some of the very first wankel products imported in the mid-70s.

Meanwhile, Talbot's Matra Sagheera, surely the world's most unusual mid-engined sports car in having three seats abreast, is being reworked with a larger 1.6 litre engine against the 1.3 litre unit currently being used and which has led to criticism of it as being a sheep in wolf's clothing. But it has not been imported to Britain for two years, and expectations in some quarters that it might re-emerge this summer in right hand drive form (it was never converted when on sale previously) do not appear to be about to be realised.

Datsun's contender in the sports coupe market has changed considerably from the muscular 240Z two-seater introduced in 1973. In its latsst 280ZX form its is an altogether heavier, more luxurious product and at £9,000 has become more of a long-legged tourer than an out-and-out sporting vehicle.

Expected to arrive in the UK soon is another contender in the higher performance sports coupe bracket, a revised Lancia Monte Carlo coupe. This agile two-seater was first launched in the UK three years ago, but was subsequently withdrawn for improvements, and a turbo-charged version is one future possibility.

Another new car which may emerge this year is a spyder open top version of Honda's Prelude coupe, first launched in the UK last year. Priced at a little over £5,000, the Prelude does not really rank as a performance car, but it does typify the increasing popularity of sporting type vehicles exemplified by Ford's Capri.

An important contender in this field was announced by Renault earlier this year and will arrive in the UK this autumn. The car is the Fuego, and on it Renault has pinned hopes of taking a very large slice of the European sporting coupe market.

It will be offered with a wide range of specifications and engine choices, ranging from a 1.4 litre, 64 bhp fitted in the Renault 14 to a 2-litre, fuel injected 110 bhp unit providing a top speed approaching 120 mph.

Prices have yet to be decided, but it is for sale in France at *FFr 48,000, and thus can be* expected to prove a fierce rival to the similar products of Ford and General Motors.

John Griffiths

Techniques to fight tomorrow's wars

By DAVID FISHLOCK, Science Editor

THE ROYAL NAVY, at its Portsdown research centre on the cliffs above Portsmouth, is constructing a facsimile of the operations room of a warship of the 1990s. By 1982, at a cost of £3.5m, admirals will be able to fight naval battles under very convincing conditions, without firing a shot. The computers will faithfully record each decision and how everyone in the ops room down to the lowliest rating performed under fire.

The idea of a command systems laboratory in which scientists can simulate naval battle tactics was born of the fast-growing difficulties of the last two decades in trying to automate warships.

Systems designers have not been clever enough yet in marrying men and machines in conditions where the men are constantly at risk of being drowned in information. Under such stress, operators fail to use the automated system in the way the designer intended. And we can talk to naval staff and operators and get quite idfferent stories about what was happening, says Mr. Ken Slater, director of the Admiralty Surface Weapons Establishment.

The key, the scientists believe, is to strike the right division of labour between man and machine. Computers can sort out vast quantities of information from the radars and sonar—the "eyes" and "ears" of a ship. But they can do so only by working to pre-assigned and inflexible rules, says Dr. B. R. Gladman, in charge of human factors research at Portsdown. "They cannot process meaning." Men are good at discerning patterns—at discovering the meaning of novel situations. Men can fathom the meaning of incomplete, imperfect or ambiguous patterns of data, and adapt quickly. But they are easily overloaded—and then the whole man-machine relationship breaks down.

The Navy's problems in marrying a man and machine harmoniously are felt most acutely in the command systems of a warship or task group. Here they are trying to tie many disparate parts of the battlefield into one picture and wage war with one unified fighting system. But the basic problem is common to the latest technology of all three service arms, where the complexity of electronic systems has outstripped man's ability to keep pace. To take a simple example, a Jaguar pilot has nearly twice as many control switches to operate as a Hunter pilot—and today we are talking of replacing the Jaguar.

Human factors research—man-machine relationships—is expanding to become part of the Ministry of Defence's £200m research budget (out of a total R and D budget of £1.5bn this year). Professor Ronald Mason, the ministry's chief scientific adviser, is making every effort to bring Britain's considerable academic expertise in human factors to bear upon the daunting problems of fighting tomorrow's wars. So complex are the systems now being explored for fighting machines of the 1990s—the proposed European Combat Aircraft to replace the Jaguar, for example, or the new anti-submarine helicopter to replace the Sea King—that there is a real danger of the pilot crumbling under the demands of battle.

But the answers Professor Mason is seeking for more harmonious man-machine relations are important for the future of automation in industry, commerce, government and elsewhere. The Navy found in its earlier efforts to automate its ships the same sort of problems which have caused all the trouble at the Ministry of Transport's vehicle licensing centre at Cardiff.

In Britain, the Ministry of Defence was the pace-setter in man-machine relations even before the computer arrived. In those days it focused on what might be called the "clinical" aspect of military service; how far a man could be pushed physically in terms of what he could wear in protective "armour," how much he could carry, how well he endured complex patterns of motion.

These problems have certainly not lessened. The Chemical Defence Establishment at Porton, set up after the first attack with gas on Allied troops in World War I, spends about £7m a year trying to protect the serviceman from a potentially very hostile environment, which could include nuclear radiation and biological and chemical agents (NBC). In chemical defence, it is a world leader, claims Dr. Rex Watson, Porton's director. German war records show that Porton's expertise was a significant deterrent to Germany using chemical warfare in World War II.

"We're trying to protect against death—and you can't simulate that"

Its so-called "NBC suit," about to be issued to the Navy, can amount to 100 lb or more of modern armour, including respirator, battledress, gloves and boots. It plays havoc with the serviceman's ability to hold a map. The most advanced version could give him protection against NBC for as long as a month, Porton's scientists say. All three services are to have the same basic armour.

Meanwhile, Porton's medical staff is pursuing a promising pill which, if taken beforehand, could help the serviceman survive an assault by nerve gas. Their big problem now is how to test it realistically. "We're trying to protect against death—and you can't simulate that."

At Farnborough, the Ministry has a research centre specialising in man's frailities as an engineering component; in the problems man suffers from motion, noise ,etc. The physical labour of flying is not great but the combination of physical and spychological stresses is enormous, says Air Commodore Peter Howard, commandant of the Institute of Aviation Medicine. The upshot can be fatigue, sickness, even complete disorientation, when the pilot's eyes cross. The institute has a simulator for research into these problems which "can be made so unstable it drives test pilots ot tears,' he says.

One of its activities is trying to rehabilitate pilots who have succumbed to "motion sickness." This is a medical problem which can afflict—usually progressively—even very experienced flying crew. The institute studies the problem scientifically but also tries to "re-acclimatise" pilots who have proved succeptibe. At the cost of training a pilot nowadays, the institute's entire research budget can be justified if they return just three motion sick pilots a year to flying duties, says Air Commodore Howard. Last year they cured eight.

But the institute also has a major role in what might be called the "non-clinical" aspect of human factors research; that facet of greatest worry to defence research chiefs today. It works closely with the Royal Aicraft Establishment nearby on what Air Commodore Howard calls the psycho-physiology of man's relations with a very com- the limits of man's own plex machine. It helps to define responses. It helps specify what the system designer should offer in trying to integrate man fully into the decision-making loop and keep him functioning at peak efficiency.

Goggles recently tested at Farnborough allow pilots to see the ground at night as well as to read cockpit instruments.
Courtesy, ITT and RAE, Farnborough

The project definition for a replacement for Sea King, the anti-submarine helicopter, should be completed this year. This is a Navy requirement; and this time the helicopter will be designed for the job from scratch. (It may be a joint venture with Italy.) Farnborough is certainto have a major role. Its human engineering division under Dr. Brian Ellis has been testing some of the ideas of Farnborough's flight systems department for providing night vision for low-level helicopter operations. The helicopter relies far more than fixed-wing aircraft on the crew being able to see the terrain. Farnborough's aim is to restore good visual contact at night and in bad weather. The problem was to find a way in which a helicopter pilot could switch his attention from the blackness below him to his instrument panel and back as easily as a car driver relates both to the road and his dashboard.

One idea they have been exploring, illustrated here, is to fit the pilot with "spectacles" which provide night vision. These bifocal goggles amplify very low levels of light and heat radiated from the terrain. To prevent the much higher levels of light from his own instruments from blinding the pilot, the goggles are fitted with red filters and the instruments floodlit with blue-green light. This still gives the co-pilot enough light to read a map.

The most sophisticated idea—to be tried out in a Sea King this year—virtually couples the pilot to his instruments, through a helmet with a miniature visual display unit (VDU) built into it. With this system the pilot can turn his head in any direction and still—quite literally—keep an eye on his instruments. The other eye is on the outside world, for example permitting the pilot to look into a turn before making it.

One helicopter project was formally laid to rest by the Defence Eestimates last month. This was Supervisor, the robot tank-spotter, designed to be flown by a "crew" of two by remote control from the ground, to reconnoitre by TV camera the enemy's positions. The idea was to program a computer so as to prevent the pilot placing demands that were too difficult or hazardous upon the 80-kg remote pilotless vehicle (RPV). Cost and complexity eventually killed Supervisor.

But the ministry's interest is still growing in the RPV as a way of keeping both man and most oft he expensive engineering safely out of hight of the enemy. The Navy, for example, is developing both satellite surveillance and the idea of remotely controlled minehunting. All arms are eager to know how much "artificial intelligence" they can put into the weapon itself, so that it finds its own way to the target. With micro-miniature radars no bigger than a 5p coin, such as the Royal Signals and Radar Establishment at Malvern has developed, the possibilities for "intelligent weapons" begin to look immense.

For man himself, whether in the cockpit or the ops room or safely behind the lines, the main link with the machine is the VDU. The latest VDU developments at Malvern and Portsdown suggest ample scope yet for more intimate couplings of hand, eye and brain with the computer. Malvern is developing paired displays as a way of getting "two people round the same task" in air traffic control. A support controller would work about five minutes ahead of the air traffic controller, making suggestions for manoeuvres which when the time came, the air traffic controller would be free to accept or reject.

Ample scope yet for more couplings of hand, eye and brain with computers

At Portsdown, the Navy scientists have high hopes of using colour in their displays to keep the ops room more closely and accurately in touch with the battle. It is easy to do and very dramatic. But colour is also fraught with risks of directing the operator's attention too forcefully in one direction; of stressing situations which may not be based on sufficiently reliable data. They recall the warnings an eminent British psychologist gave defence research chiefs at a seminar in Cambridge recently. Man, he said, has a unique ability to place greater weight on any evidence which supports his own ideas, observations or theories, and less weight on any evidence which might conflict with his views.

Letters to the Editor

The Community budget

From Mr. R. Carswell

Sir,—As the EEC Foreign Ministers look again at the question of Britain's contribution to the Community budget, it is useful to examine the throw-away French suggestion made at the last summit of an entirely and apparently permanent mechanism that would act to reduce excessive budget surpluses as well as deficits. Perhaps the aim should be

If the purpose of the European Community is to engender solidarity and protect the interests of the peoples and nations of Europe, then the financial arrangements of the Community must underpin and reflect that solidarity. Certainly the time has come to settle at least on a permanent budgetary system which ensures that the Community avoids recurrent crises and untidy ad hoc rebate systems.

As well as producing the anomaly of Britain's disproprotionate net contribution, the current arrangements seek to achieve unrelated objectives: to promote Community preference ni trade (duties and levies on third country imports are contributed to the budget); and to protect Europe's numerous farmers (three quarters of the budget are spent on agriculture).

While the obvious solution is to control agricultural spending and spend proportionately more on other esctors, little thought has been devoted to alternative methods of contributing to the budget. The Government was elected on a manifesto which included the assertions that "national payments into the budget should be more closely related to ability to pay. Spending from the budget should be concentrated more strictly on policies and projects on which it makes sense for the Community rather than nation states to take the lead."

Has not the time come, therefore, for Britain to put some flesh on the bare bones of these policies?

Richard J. Carswell,
CSM European Constultants,
Eagle House,
109, Jermyn Street, SW1.

Authorised auditors

From the Secretary, Association of Authorised Public Accountants

Sir,—I refer to recent correspondence concerning the statutory authorised auditor under the provisions of the Companies Acts, and his lack of obligatory accounting standards.

It is certainly true that there is no legal or mandatory reason for the authorised auditor to adhere to recommended accounting standards by the 161 bodies. For obvious reasons, the 161 bodies were unable to consult the unorganised individual 161 (1) (b) authorised auditor; but this is not so in the case of this association which represents the organised 161 (1) (b) auditor.

The association has received much encouragement, liaison and active help from both the Institute of Chartered Accountants of England and Wales and the Association of Certified Accountants, in its endeavours to commence accounting standards and a committee of discipline. Apart from full co-operation and assistance on standards and technical servicing, both the Institute and the Association of Certified Accountants have agreed to nominate a member from each body, to serve on the committee of discipline. It is apparent that both the main recognised bodies have faced up to the situation and accepted the association as a representative statutory body of the 161 class, responsible for the standards and discipline of the Government authorised auditor.

The association's council considers that an equally responsible interest must be shown by the Government towards its own protege and its standards, and follow the commendable example of recognised bodies by ensuring there is no confusion of standards between the Government certificated auditor and recognised bodies. The association is presently doing its best to retrieve the Government's "chestnut," and has avoided becoming the representative of the minority view of dissidents, by recommending adherence to the standards put forward by the recognised bodies; "warts and all."

It does leave one bemused, to try and understand Government thinking, when on the one hand, the Government is sadly defective on any form of standards for the stautory auditor created, and on the other hand, its inbuilt resistance to assist the only possible vehicle that can remedy the dilemma. There is every case for the responsible and progressive attitude of the association to receive the active help and encouragement of the Government. This is a Government responsibility that will not go away or be ignored any longer.

S. A. Coxhead.
Association of Authorised Public Accountants,
10, Cornfield Road,
Eastbourne, Sussex.

Chairmen's meeting

From Mr. J. Christmas

Sir,—In representations to the Chancellor the CBI stated "if we could once again get inflation down to below 5 per cent man yof our other problems would fall into place." Its own members are amongst those who decide to increase prices and many of them do not yet cite inflation as their major problem.

Individual manufacturers whose businesses are contracting because of price competition cannot alone protect their companies' future.

Confronted with inflation related cost pressures such as, cost of living wage claims, suppliers' price increases, high interest rates, increased working capital requirements, escalating replacement costs of plant and public sector overheads inversely proportionate to the volume of production, the date when many successful businesses will cease to trade can be clearly projected for different rates of inflation.

Some industrialists recognise that price increases are killing their business but as only one link in the chain of production and distribution of their product they are unable by their own efforts alone to preserve or extend their activities.

Efficient managements are improving the effectiveness of their companies as fast as possible but insofar as they increase their prices such improvements are not offsetting inflation.

While managing directors concentrate on survival with inflation is it not time groups of chairman worked together collectively to reach consensus on the changes in attitudes and policies which are necessary in the private and public sector to cure inflation? Identification of the behaviour necessary to achieve longer term prosperity and regeneration of industry with a strong sterling exchange rate might thus be revealed.

J. F. Christmas
10 Madison Avenue,
Cheadle Hulme,
Cheadle, Cheshire

Bias against building

From Mr. A. de Guise.

Sir,—I write to query the working of the Financ eAct (2) 1975 in relation to sub-contractors in the building industry.

The Inland Revenue can issue company exemption certificates, personal ones or ones to individuals acting on behalf of a company. These latter may represent concerns with a turnover of £1m or more. As far as I can tell this makes the individuals liable personally for any tax not paid, which seems harsh and not in harmony with the theory of limited liability.

Worse befalls if the company loses its certficate because it falls behind with its tax payments. Which can easily happen with strikes, computer failure or staffing problems, even in Government or local authority offices. In this event a main contractor has to deduct 30 per cent from all payments, which he then remits to the Revenue. Eventually the 30 per cent is adjusted against any tax liability still unpaid.

But surely it is totally unreasonable to deduct what is geared tothe average tax for one individual and apply it to a company employing, say, 50 men. How many non-building companies can claim to be totally up-to-date with all their tax returns?

Is this the intention of the Act anyway. Or is the Inland Revenue's supposed bias against the building industry showing through.

Andrew de Guise.
Trident Building an d Maintenance Company,
40, Elsynge Road, SW18.

Keep to plain English

From Mr. J. Cookson

Sir,—May I express the hope that, if citizens' band radio is made legal in this country, users should keep to plain English. There are too many words in that language already without adding a spate of CB jargon.

J. V. Herbert Cookson.
Hugh Barn, New Longton,
Near Preston, Lancashire.

Slow and painful

From the Group Director, Francis Industries

Sir,—Your main editorial of May 16 diagnoses why monetary policy is going to take a long time to cure inflation.

You stop short, however, of deducing that the process can be accelerated by substituting or adding direct credit control as the Government seems loath to allow interest rates to find their natural level. It is not without significance that high interest rates of 20 per cent in the U.S.A., where inflation is significantly lower than in this country, where followed by a rapid reduction (see Mr. R. Wilkinson's letter, May 16).

People will continue to pay increased prices while they are able to or until it becomes more advantageous for them not to. Hire purchase and other credit controls should be introduced and Granny Bonds should be made available to everybody. The latter could be one-year bonds if the Government is afraid of the issue but the more these bonds are sold the more likely it is that retail sales will fall, an unfortunate but essential need if inflation is to be reduced in a reasonable time. Increased unemployment would be brought forward but so also would be the recovery. Otherwise, as you say, "checking costs . . . is likely to prove slow and painful"; so slow, in fact, as to take us up to the next election.

R. H. Shorer.
Francis Industries,
Magson House,
Luddendenfoot, Halifax, Yorks.

On the books of a large firm

From Mr. T. Higgins

Sir,—The league table of the "top" accountancy firms (May 15) illustrates one of the more nauseating aspects of the recent development of the accountancy profession. I refer to the absorption of so many medium sized and competent firms into the larger London based brigades. Clients find themselves, without any meaningful consultation, on the books of a large firm with the benefits of such prestige quickly reflected in the fees.

To many clients the slavish regard paid to institute recommendations, no matter how in inappropriate to the circumstances, is irksome in the extreme, especially when the auditors with inexcusable pride, seek to qualify their certificate. As most of the "top" firms are represented on the council of the institute, there appears to be an infallible and perpetual system of self-righteousness which cannot be assailed by the average client.

Perhaps in this Centenary year of the institute, the policy makers of Moorgate, to whom it would seem that a journey to Watford is a dangerous adventure into the Northern wastelands, should reflect on the services rendered to medium and small clients and whether they have sufficient communication with them.

T. Higgins.
Owls Wood, 76 Chaveney Road,
Quorn, Nr. Loughborough, Leics.

No accounting for it

From Mr. T. Eckersley

Sir,—In this centenary year of The Institute of Chartered Accountants we see a lot of their coat of arms. There is an ample woman standing on a rock brandishing a rod and a pair of dividers. Behind her is an object which could be a wrecked grand piano or a discarded manual typewriter. Many of my colleagues have passed the Institute's exams, but none can tell me what this object is.

Toby Eckersley.
30, Berryfield Road, SE17.

Today's Events

GENERAL

UK: Sir Geoffrey Howe, Chancellor of the Exchequer, speaks at Confederation of British Industry dinner, London.

Mr. James Prior, Employment Secretary, Lord Thorneycroft, party chairman, Mr. Mark Carlisle, Education Secretary, and Lord Carrington, Foreign Minister, address Conservative women's conference, Central Hall, Westminster.

Mr. Gordon Richardson, Governor of the Bank of England, speaks at Financial Times' lunch to foreign bankers, Mansion House.

Dr. Kurt Waldheim, UN Secretary-General, meets the Queen, Mrs. Margaret Thatcher and Lord Carrington, London.

Police Federation annual conference opens, Scarborough (to May 22).

Overseas: Referendum on autonomy, Quebec.

PARLIAMENTARY BUSINESS

House of Commons: Housing Bill, remaining stages. Upholstered Furniture (Safety) Regulations.

Emergency debate on backdating of Iran sanctions.

House of Lords: Employment Bill, second reading.

Select Committee: Foreign Affairs, Overseas Development Sub-committee. Subject: Development Divisions. Witnesses: Overseas Development Administration of the Foreign Office. Room 15, 5 pm.

OFFICIAL STATISTICS

May provisional figures for unemployment and unfilled vacancies. New construction orders for March.

COMPANY MEETINGS

Associated Biscuit, Great Western Royal Hotel, Paddington, W, 12.30. Astbury and Madeley, Lozells, Birmingham, 12. Bambers Stores, Great Eastern Hotel, Liverpool Street, EC, 12. Bank of Scotland, The Mound, Edinburgh, 12.15. Booker McConnell, 69 Cannon Street, 12. CSC Investment Trust, 44, Bloomsbury Square, WC, 2.30. Cape Industries, Hyde Park Hotel, Knightsbridge, SW, 12. Fisons, Dorchester, Park Lane, W, 11. Ofrex, Stephen Street, W, 11. Padang Senang Rubber Estates, Sevenoaks, Kent, 12. Shell Transport and Trading, Shell Centre, SE, 11.30. Wace Group, Great Eastern Hotel, Liverpool Street, EC, 12. James Wilkes, Bilston, West Midlands, 2.30. Williams and James, Tara Hotel, Upton Street, Leonards, Gloucester, 12. Winston Estates, 10, Bolton Street, Piccadilly, W, 12. Wolf Electric Tools, Pioneer Works, Hanger Lane, Ealing, W, 12.

Fenner profits climb to £4.3m in industrial calm

MUCH OF the ground lost last year through industrial interruptions has been recovered by **J. H. Fenner and Co. (Holdings)**, power transmission engineer, and pre-tax profits for the six months to March 1, 1980, have climbed from £2.81m to £4.26m.

The pre-tax figure is struck after interest substantially higher at £1.42m compared with £670,000.

After tax up from £1.03m to £1.57m, stated earnings per 25p share are up from 6.27p to 9.44p, and the net interim dividend is raised from 3.3p to 3.63p. The Board hopes to maintain a similar rate of increase on the final dividend—last year's total was 8.22p from pre-tax profits of £7.6m.

The Board says significant advances have been made in some areas, and the most marked improvement was seen in the home companies with industrial actions during the period not causing damage on the same scale as last year.

The steel strike, however, although not causing serious loss of production, did cause extra costs to be incurred and some market weaknesses were felt in March and April.

The expansion of business accelerated in most overseas areas.

As the company enters the second half, there is a decline in some markets. Trading conditions in the coming months are expected to be difficult and the directors feel it would be unwise to set expectations too high. They are optimistic, however, for a satisfactory outcome for the year.

Turnover in the first half advanced from £42.35m to £58.15m. Minorities accounted for £250,000 against £158,000.

HIGHLIGHTS

Lex briefly discusses the apparent development of an economic recession in the UK following yesterday's industrial production figures. Elsewhere the Department of Trade has announced that it is considering modifications to the way its DoT inspectors operate. The UK's biggest property company, **Land Securities Investment Trust**, produced a revaluation indication with its preliminary results which put new heart into the property sector, already trading near all time peak levels. Lex also discusses the raising of £7m of new capital largely from British institutions by **Nimslo.**

● comment

Given a better winter run of industrial relations in the power transmission division, J. H. Fenner was always set to recover quickly at the interim stage although the 51 per cent improvement was enough to lift the shares 4p to 130p yesterday. Whether the recovery will be fully effected by the year end is open to some debate. Gearing has risen steeply since the mid-way point last year but, even if Fenner is still some way from positive cash generation, interest costs look set to fall in the second half this year. On the trading front, however, the group is already warning of a decline in some areas. Conveyor belt orders should hold up well—although export margins have become very tight—but the U.S. is not making the required headway and is probably doing little beter than breaking even after a profit in the fourth quarter last time. The fall in prime rates should help. South Africa is performing well once again but fluid sealing remains a problem. The prospective dividend yield looks safe and tolerably attractive at 10.2 per cent and assuming that interim profits are no better than maintained in the second half, the prospective p/e is 9.1. Given the strong geographical spread of businesses and the links with the mining industry, the shares remain a firm hold at this level.

Allround improvement as Reo Stakis expands by 18% midterm

WITH all divisions improving on the previous year, pre-tax profits of the **Reo Stakis Organisation**, hotelier, restaurant and gaming proprietor, were up 18 per cent from £1.25m to £1.47m in the six months to March 30, 1980.

Turnover advanced from £28.93m to £31.22m, with hotels and inns providing £14.34m against £12.14m. Wholesale wines and spirits, and off-licences contributed £13.28m (£14.16m), and casinos' share was £3.6m against £2.63m.

Trading profit rose from £1.49m to £1.89m, and this came from: hotels and inns £766,000 (£660,000), casinos £821,000 (£602,000) and wholesale wines and spirits £301,000 (£224,000).

After interest up from £188,000 to £356,000, employee shares schemes £61,000 (£52,000) and tax of £440,000 (£373,000), the net profit was £1.03m (£873,000).

Stated earnings per 10p share are up from 1.64p to 1.93p, and the interim dividend is effectively increased from 0.256p to 0.4p—last year's total was an adjusted 1.16p from pre-tax profits of £3.56m. The increase in the dividend will reduce further the disparity between the interim and final.

The Board views the prospect for the second half with cautious optimism.

● comment

An 18 per cent increase in interim profits is enough to justify the premium rating afforded Reo Stakis in the hotels sector. Part of the growth derived from casino acquisitions—of which there will be further benefit in the second half—and margins in this area have been maintained at a heady 22.8 per cent while other divisions have contributed strongly. In particular, the off-licence side has fully offset falling turnover in the low-margin wholesale drinkks business. A drop in consumer spending north of the border may cause problems for hotels in the second half but Reo Stakis had an exceptionally poor final quarter last year, so a useful overall improvement could still be seen. Profits of £4.2m for the full year are within range placing 11 fully-taxed. The strong possithe shares, at 42p, on a p/e of bility that the group will take Ladbroke adds a little gloss to the over five provincial casinos from share price and outweighs the modest dividend expectations. An overall net payment of 1.75p would produce a yield of only 6 per cent.

Evered in losses and cuts final

WITH SECOND-HALF results seriously affected by the national engineering strike, **Evered and Co. Holdings** turned in a pre-tax loss of £43,530 for 1979, compared with profits of £319,360 previously. In the first six months, this industrial holding company had improved taxable surplus by £10,000 to £127,000.

Yearly loss per 25p share is shown at 1.1p (4.9p earnings) and the final dividend is reduced from 0.65p to 0.25p net making a lower total of 0.7p (1p).

In the early months of this year, problems have been compounded by the effects of the steel strike on the company's customers and the depressed state of world trade. The directors have therefore drawn up a plan for a radical reconstruction to achieve a return to adequate and sustained profit.

The British Chromium Plating Company and Evered and Co. (Hardware) have been closed and their assets sold.

The directors do not expect the present plans to result in profits for the first six months of this year, but barring any material deterioration in demand from customers in the coming months, they anticipate trading at a profit in the last quarter.

● comment

Evered may have a reasonably strong balance sheet but it is clear that a pattern which has seen losses in four of the last six years must be broken hurt the second half with the quickly. The familiar culprits engineering dispute possibly costing around £250,000 while interest charges climbed by £20,000 against the corresponding period. But that should not be allowed to mask the weakness of some of the basic businesses which new management has recently decided to prune. The disposal programme will be completed sometime around August with the benefit of the resultant loss elimination of perhaps £150,000 annually. That will not be enough to bear any fruit in the first half and, since the third quarter is traditionally flat, Evered is unlikely to start responding until late autumn at the earliest. The shares are well below par value and dropped a further 2p yesterday to 19p where the capitalisation is £1.1m. The reduced dividend yields 5.3 per cent.

Nimslo looking further afield

BY RAY MAUGHAN

The pioneers of the three-dimensional camera are coming bcak to the London market for a fresh injection of development capital.

Mr. Jerry Nims and Dr. Allen Lo found investors to subscribe £3m to a new company, Nimslo Ltd, in 1978 and have now set up Nimslo European Holdings (NEH).

The new group has been formed to unite the interests of British investors in the manufacturing and marketing rights in respect of the amateur market for Europe, Africa, the Middle East (except Israel), the U.S., Canada, Puerto Rica and certain Caribbean Islands in the Nimslo system, the 3-D photographic system developed by Nimslo Technology Inc. (NTI). Mr. Nims owns 45.7 per cent of NTI.

NEH is raising £7.14m by means of a placing of 2.1m ordinary shares of £1 each and £3.75m of 14 per cent unsecured loan stock in units of one share and £1.70 of loan stock at £3.40 per unit.

NTI conditionally agreed yesterday to purchase from certain of the existing UK sharehodlers 375,000 shares in Nimslo at a price of £2.27 per share, thereby increasing its stake in Limited from 60 to 70 per cent. The UK vendors have in turn conditionally agreed to apply the whole of the sales proceeds of £851,000 in subscribing for 375,000 shares in NEH.

NEH is now offering to acquire the remaining 30 per cent of Limited in UK hands on the basis of an exchange of shares whereby accepting shareholders will receive one share in NEH for each share presently held in Limited.

A proposal is also being made that the existing 14 per cent unsecured loan stock 1983/88 of Nimslo Limited should be canceled in exchange for the issue tot he holders of an equivalent of 14 per cent unsecured "A" loan stock 1983/88 of NEH.

The offer has been accepted by holders of 65 per cent of the shares for which the offer is being made.

NTI has entered into an agreement with NC, a company newly incorporated in Nimslo's home state of Georgia, to provide technical information and equipment relating to applications of the Nimslo System in the professional market and the portrait and school photography market, in consideration for the issue to NTI of shares in NC credited as fully paid.

Following the completion of the placing, NEH will subscribe for shares in NC following which NC's share capital will be owned as 70 per cent by NTI and 30 per cent by NEH.

In consideration for the payment by NEH of £850,000 to NTI, NTI will grant to NEH an option to acquire a 30 per cent interest in the right to manufacture and market the Nimslo system in respect of all geographical markets not already covered by the arrangements with Nimslo Limited and NC.

NTI has undertaken to grant to NC or Limited manufacturing and marketing rights with respect to the professional, portrait photography and the amateur markets for the U.S., Canada, Puerto Rico and certain Caribbean Islands comparable to those agreed in 1978 with Nimslo Limited.

The effect of these proposals is that NEH, through its 30 per cent stakes in both NC and NEH will have an interest in the exploitation of the Nimslo system with NTI holding the outstanding 70 per cent.

The interest in Nimslo Limited and NC attributable to former shareholders of the Nimslo Limited (which included several leading institutions found by Carr Sebag, the brokers to this deal) other than NTI will be 12.5 per cent as compared with their 40 per cent interest in Nimslo Limited.

Making some major assumptions concerning pricing, market shares and the development of film, the founders have projected a $1.3m loss before tax next year, followed by profits of $20.02m, $42.22m, $66.68m and $98.34m in each of the years to 1985.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Ambrose Inv. Tst.	4.1	July 30	3.3	6.7	5.5
Bishopsgate Trust	5.7	July 2	4.75	9.9**	6.95
Cakebread Robey	1.7	—	1.32	2.3	1.82
Cambrian Inv. Tst. int.	1.8	June 27	1.6	—	4.35
El Oro Mining int.	2.5‖	—	1.4	—	1.4
Exploration Co. int.	1.25‖	—	0.7	—	0.7
Evered	0.25	June 20	0.65	0.7	1
J. H. Fenner int.	3.63	—	3.3	—	8.22
Hawker Maris	Nil	—	5.17	Nil	7.14
Helical Bar	1.75¶	July 10	1.0	2.75¶	1.0
Land Securities	5.3	July 11	5	7.8	6.5
MAM int.	2.8	July 16	2.51	—§	8.4
Readicut	0.7	—	1.24	1.25	1.77
Reo Stakis Org. int.	0.4‡	Sept. 11	0.26*	—	1.16*
W. Runciman	2.5	—	2.5	3.75	3.75
H. Samuel 2nd int.	5.52	July 9	4.54*	6.25	5.2*
Ben Williams	0.5	Aug. 8	0.5	0.5	0.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity. § Final at least maintained at 5.8875p forecast. ¶ For 40 weeks. ‖ For year to December 31, 1980. ** Includes non-recurring 1.4p special dividend.

Mr. Peter Macadam, chairman of BAT Industries . . . now a world-wide employer of more than 280,000 people.

BATs emphasises financial efficiency

Financial efficiency in both the planning of capital expenditure and in the day-to-day practices of BAT Industries, the worldwide tobacco, retail stores, paper, printing and cosmetics group, means both investment and divestment, Mr. Peter Macadam, chairman, says in his annual statement.

Efficient use of the group's financial resources also means a constant effort to reduce the costs of production and distribution and thereby to increase both its competitiveness and profitability, he adds.

Most sectors improved their results in the 15-month period covered by the present accounts in spite of world inflation, economic problems and increased competition in many group markets, though these improvements are less apparent when translated into sterling because of the strengthening of the pound against the U.S. dollar and most other currencies.

As reported on May 1, group pre-tax profit rose from £433m in the 12 months to September 30, 1978 to £560m in the 15 months covering the change of year-end to December 31, 1979.

For comparative purposes, pre-tax profit in the 12 months to December 31 was up from £435m to £443m. On a CCA basis, the 12 month figure is reduced to £378m after adjustments for cost of sales, £122m, depreciation, £43m and monetary working capital, £36m.

With it becoming increasingly clear that the deep-set problems in the world economy cannot easily be solved by an upturn in the economic cycle, the directors of BAT have to ensure that the group is not only equipped to take advantage of new opportunities but also organised to cope with the more difficult aspects of change, Mr. Macadam now says.

This implies wise planning of new investments and a host of adjustments to meet rises in prices and changes in supply of energy and raw materials, the volatility of exchange rates and increasingly production in the newly-industrialised countries of the third world.

Investments include the recent purchases of the Argos catalogue showroom business and the West German home improvement company Hueppe as well as the complete acquistion of Mardon Packaging International, in which BAT previously held 50 per cent, giving it a substantial participation in packaging and printing in the UK and North America with development potential elsewhere.

Additionally investments totalling more than £500m were spent or committed during the period under review in expanding and modernising capacity at manufacturing plants and on the programmes of store openings and renovations, Mr. Macadam continues.

As regards divestment, the unprofitable Kearley and Tonge wholesale grocery business was sold with some smaller UK retail outlets.

Expenditure on fixed assets in the 15 months amounted to £247m against £156m.

Capital expenditure (at December 31, 1979, authorised but not provided for in the accounts amounts to £256m.

The accounts also show the chairman's emoluments to be £118,408 for the 15 months or £94,726 (£78,843) on an annualised basis. Four employees received between £45,000 to £50,000 annualised emoluments for the 15 months.

Putting profits to work

Results at a glance

(millions of pounds sterling)	1979	1978
Net sales	699.6	576.7
Trading profit	172.0	146.5
Earnings for the year	41.4	44.1

£200 million investment in the United Kingdom over the next five years.

Summary of the report of the President, Mr G C Brunton:

This has been the first full trading year of International Thomson Organisation Limited, the financial holding company for the Group. Net sales at £699.6m were 21.3% higher than in the previous year, and trading profit at £172.0m showed an increase of 17.4% despite the loss of £39.3m in 1979 resulting from the Times Newspapers dispute. Earnings at £41.4m were £2.7m lower than 1978 because of the Times Newspapers dispute and the high rate of tax on our oil profits which dominated the 1979 profit picture. The price per barrel of oil rose over the year from about £6.50 to £11.50 and has risen further in 1980. On the other hand, the rate of petroleum revenue tax was increased during 1979 from 45% to 60% and the U.K. Government has since proposed an increase in the rate to 70%. On that basis the Government take from every incremental pound on the price of oil will be over 87%. During the year your Company's payments of royalties, petroleum revenue tax and corporation tax on North Sea earnings were £68m and are expected to exceed £200m in 1980.

The Group's financial position continued to strengthen. Total debt at the year end was £97.2m compared to £137.2m at the previous year end, and cash and bank term deposits and short term investments were £79.8m compared to £82.4m at the end of 1978. Debt directly related to North Sea oil production has been fully repaid in 1980.

A dividend of US 5.75 cents per common share has been declared payable on July 15, 1980 to shareholders of record on June 6, 1980. For those electing to take their common dividend on the shares of Thomson British Holdings Ltd, the sterling equivalent is 2.551p per share.

The year's successes included high oil production levels, record results from our travel interests and the strong and stable performance of our United Kingdom regional newspapers. A disappointment was the length and cost of the suspension at Times Newspapers.

Important progress is being made in the Group's programme of development. We foresee that during the next five years, and excluding oil, more than £200m will be invested in such projects as the modernisation of our regional newspaper centres, the funding of new opportunities in directory publishing, the development of our travel interests including the acquisition programme of Lunn Poly, and the build-up of Britannia Airways' fleet. Our development plans elsewhere in the world are gaining momentum with active investment programmes particularly in the U.S.A.

Current prospects

This year should show a significant increase in sales, but with a deteriorating economic situation and increased oil taxes there is pressure on profitability, which should however remain at satisfactory levels. I expect all sectors of our business to perform comparatively well.

The future

We are determined to continue our policy of developing management resources and encouraging progressive personnel policies. We have continued to emphasise the social responsibility of business, for example by supporting the Government-sponsored Youth Opportunities Scheme, and by fully taking into account environmental issues wherever our activities impinge on them.

Your Company moves into the 1980s from a position of established strength. The 1970s were the years of creating and developing the businesses and our philosophy was set by our founder, Roy Thomson, who was always vitally concerned with the need to build for the future. Building for the future will continue to be our policy for the Eighties.

The major difference between now and the past is that today we have very substantial financial resources to put behind the management team which has been seasoned and experienced by the challenges of the last decade.

We shall build for the future and we shall build good strong businesses which are planned to take your Company into the next century. Our objective remains to become a leading international publishing, communications and information business with strong ancillary interests in leisure and natural resources.

If you would like to obtain International Thomson's full Report and Accounts write either to our head office in Toronto or to our London office, Thomson House, PO Box 4YG, 4 Stratford Place, London W1A 4YG.

Newspapers

Times Newspapers is the publisher of The Times, The Sunday Times, The Times Literary Supplement, The Times Educational Supplement and The Times Higher Education Supplement. It is 85% owned by International Thomson Organisation, and 15% by the Astor family interests.

Times Newspapers has a separate publishing division consisting of three subsidiaries: Selective Marketplace, Times Books, and Newspaper Archive Developments specialising respectively in reader offers, the publishing of The Times Atlas and other books, and microfilm records.

Thomson Regional Newspapers is a holding company whose subsidiaries publish regional newspapers in the United Kingdom, act as retail newsagents, provide newspaper consultancy services, and engage in newspaper and general printing. The group publishes fourteen morning and evening titles, one Sunday and forty weekly newspapers from fourteen centres.

The Scotsman and the Western Mail—national morning newspapers of Scotland and Wales respectively and The Belfast Telegraph, the largest newspaper in Northern Ireland, are among the group's publications.

Thomson Withy Grove, a major printing centre in Manchester, is responsible for printing under contract the northern editions of certain national newspapers and for publishing The Sporting Chronicle and its associated weekly racing papers.

Publishing and Information

In the U.K. we operate in three main areas: magazines, data and books.

The Magazines division publishes a range of titles as diverse as the Illustrated London News and the Common Market Law Reports, Family Circle and Living, and trade and technical publications covering farming, medicine, construction and other areas of activity.

The Data division includes Derwent Publications (84% owned) which provides an information service primarily in the field of chemical patents, and Glass's Guide (51% owned) the guide to used car prices.

The Books division includes such well-known imprints as Thomas Nelson, Michael Joseph, Hamish Hamilton, Rainbird and Sphere Books.

We have a number of publishing interests in Australia, Canada, Denmark, Holland, Norway, South Africa and the United States.

Thomson Yellow Pages acts as a sales agent for advertisements in Post Office telephone directories.

Our U.S. interests include Research Publications, Inc. of Woodbridge, Connecticut, who are major micropublishers of records of U.S. and other patents and newspapers and journals of the world; Callaghan and Company, distinguished Chicago legal publishers, who provide research services and have a well-known list of titles and services; and Wadsworth, Inc. of California, who are among the largest U.S. publishers of college textbooks, with offices in Canada, Australia and the United Kingdom.

Holidays and Travel

Thomson Travel is the controlling company of the British travel division and through Thomson Holidays is a major tour operator providing a wide range of package holidays including not only sunshine holidays in Mediterranean resorts but also tours to many European cities as well as to Russia. In addition it has an attractive winter sun and sports programme.

Thomson Travel runs the airline Britannia Airways which currently operates 23 Boeing 737s and carries passengers for Thomson Holidays and other tour firms. Thomson Holidays also operates a number of hotels particularly in Spain and Malta, and is involved in travel retailing through its subsidiary, Lunn Poly.

In the U.S. our companies are Thomson Vacations Inc., founded in 1979 in Chicago to offer winter and summer vacations in the Americas, Unitours, Inc., of Los Angeles, California, with its chain of retail travel agencies, and Arthurs Travel, Inc., of Philadelphia.

Natural Resources

Thomson North Sea holds a 20% interest in the Piper and Claymore fields as a member of the Occidental consortium. The two fields together have been independently certified as containing proven recoverable reserves over field life of one billion barrels. The Occidental consortium with the British National Oil Corporation holds interests in fifth and sixth round licences for North Sea exploration.

Thomson-Monteith, with headquarters in Dallas, Texas, is a partnership engaged in the development of oil and gas properties by acquisition and exploration onshore in the United States.

Newspapers

Publishing & Information

Holidays & Travel

Natural Resources

International Thomson Organisation Ltd.

Head office: Suite 3515 Royal Bank Plaza Toronto Ontario M5J 2K1 Canada

UK COMPANY NEWS

Readicut profits tumble 50% and dividend reduced

A STRONG pound, a record minimum lending rate and higher inflation than those of overseas competitors, resulted in a sharp fall in margins for **Readicut International** and although turnover rose 6.7 per cent to £92.77m, pre-tax profits slumped by some 50 per cent from £9.31m to £4.63m for the year ended March 31, 1980.

First-half profits had fallen from £3.73m to £2.52m and the directors warned then that the full year result was unlikely to reach the previous year's level.

They now say that against a background of reduced activity and increased competition for less available business, they will concentrate their efforts on developing the company's competitive position by rationalisation, improving productivity and seeking out business areas with higher growth potential.

Stated earnings per 5p share tumbled from 10.09p to 2.82p and the dividend total is cut from 1.77106p to 1.2503p net with a final of 0.7p (1.24435p).

The pre-tax result was struck after depreciation of £2.24m (£1.71m) and bank interest up sharply from £215,000 to £1.13m. Loan stock interest took £258,000 (£267,000).

After tax up from £1.51m to £2.42m and extraordinary debits of £349,000 (£331,000), available profits emerged well down at £1.86m, compared with £7.46m. Dividends absorb £994,000 (£1.4m).

Capital expenditure for the year totalled £5.24m of which £4.19m related to plant: £0.89m was spent abroad. Capital expenditure for 1980-81 has been reduced below the originally planned level, but rephased so as not to interefer with key projects.

The 1978-79 profits of the retail division were considerably lower at £1.15m (£1.72m) due to the reduction in sales of rug kits and component parts to the overseas subsidiaries, particularly North America. UK mail order profits were ahead of the previous year, but profits from Readicut Wool Shops were down.

In textile manufacturing, where profits were around £1m lower at £1.63m, Firth Furnishings began the year well, but demand from the automotive industry decline by mid-year: the furnishing and yarn markets were affected badly in the last quarter. The new factory in Calais was completed on schedule but start-up costs had to be absorbed. The other units were able to maintain last year's turnover and nearly the same profits, despite severe competition and cheap imports.

In difficult conditions, the yarn making division did well to maintain profits at £417,000 (£416,000). The year commenced with a strong order book but sales of rug wool declined after August, while the carpet trade moved into recession.

Profits of the others manufacturing division were well down at £0.42m (£2.13m), despite record results from the three Shaw companies.

Carpet manufacturing profits fell from £943,000 to £183,000.

The major reduction in overseas profits from £1.76m to £1.09m was attributable to the North American market following the ending of the "Sole Concessionaire" relatinship with Shillcraft. Readicut Mail Order Inc. has been formed and is scheduled to start trading in August.

● comment

It will get worse before it gets better, but with capital gearing at a workable 20 per cent and well-maintained plant Readicut International is healthy enough to weather the depression which may bottom out around the interim stage of the current year. The company is unsurprisingly in CCA loss, but the dividend cut jolted the market into slashing the share price 5½p to 19p despite profits only modestly below outside forecasts which have been revised steadily down through the final quarter. The external problems are familiar: strong sterling, high interest rates and recessionary markets. Feedstock price problems were exarcerbated as polypropylene moved upwards out of line with competing nylon and acrylic fibres, crippling Plasticisers. For the current year, group profits may at best be maintained. Net borrowings have risen to pay for Regal, but the acquisition is showing profits net of financing costs and contributed £70,000 for five-months. Any real recovery, however, looks as though it will have to wait on a softening of sterling against the dollar. The p/e on stated earnings is 6.5, while the near 10 per cent yield lags the sector by two points.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—John Carr (Doncaster), K Shoes, Northern American Trust, Northern Industrial Improvement Trust, Plaxtons (Scarborough), Redfearn National Glass, John Williams of Cardiff, Yorkshire and Lancashire Investment Trust.

Finals—British Syphon Industries, Developments, Furness Withy, C. E. External Investment Trust, Fine Art Heath, London and Northern, Manchester Liners, Scott and Robertson, Shires Investment, Tongaat Corogroup, Transatlantic and General Investments

FUTURE DATES

Interims—	
Associated Sprayers	May 28
Caravans International	May 28
Durban Roodepoort Deep	June 9
East Rand Proprietary Mines	June 9
Kelsey Industries	†May 27
Ley's Foundries and Engnrng.	May 22
North British Steel	May 26
Stockholders Inv. Trust	May 22
Finals—	
Beales (John)	June 6
Blyvooruitzicht Gold Mining	June 9
Cocksedge	June 25
Electric and General Inv.	June 25
Holden (Arthur)	June 24
International Paint	May 28
Minster Assets	May 30
Nichols (J. N.) (Vimto)	May 22
Time Products	June 4
Transparent Paper	June 3
UBM	May 29

† Amended.

H. Samuel moves up to near £15m

ANOTHER YEAR of progress is reported by **H. Samuel**, jeweller, with pre-tax profits for the 12 months ended February 1, 1980, ahead from £13.43m to £14.94m, on increased turnover of £73.36m, compared with £65.12m. At half-time, taxable surplus had risen from £2.93m to £3.22m.

The directors say uncertain trading conditions make it difficult to forecast for the current year. However, turnover to date has been more than maintained

The company is continuing its expansion and seven new branches and a number of extensions are already planned.

After tax of £5.5m (£4.81m) earnings per 25p share moved up by 1.59p to 18.2p, while a second interim dividend of 5.524p effectively increases the total from 5.2p to 6.25p net per share.

● comment

In a year which included both the VAT hike and a lethargic Christmas period **H. Samuel** has produced some reasonable results. The company has a strong financial position, has shown steady growth for a decade and was able to avoid gold purchases during the recent boom because it holds heavy stocks. Equally, it did not take a beating from holding down jewellery prices during the surge since around three-quarters of its products are just 9 karat in content. The yield of 6.8 per cent at 136p, down 2p, and the p/e on a full tax charge of 9.4, suggest a respectable position in the market. This year, H. Samuel's expansion plans and favourable stock position may combine to help the group withstand difficulties in consumer spending. Maintained profits should be the minimum expectation.

Ambrose Tst.

The net total dividend of **Ambrose Investment Trust** is being raised from 5.5p to 6.7p for the year to March 31, 1980, with a final of 4.1p.

Full-year income increased from £622,259 to £766,711 before tax of £235,371, against £198,473.

Net asset value is given as 31.6p (30.87p) per 25p income share, and as 158.77p (207.2p) per 25p capital share.

SPAIN

May 16	Price %	+ or −
Banco Bilbao	203	
Banco Central	217	
Banco Exterior	206	
Banco Hispano	200	
Banco Ind. Cat.	132	
Banco Madrid	141	
Banco Santander	237	
Banco Urquijo	140	
Banco Vizcaya	208	
Banco Zaragoza	200	
Dragados	76	+1
Espanola Zinc	61	+1
Fecsa	59.7	+0.5
Gal. Preciados	24	−1
Hidrola	65.7	+0.5
Iberduero	60	+0.3
Petroleos	101	+0.3
Petroliber	59	
Sogefisa	107	
Telefonica	52.7	
Union Elect.	65	

Land Securities rises to £38m

SECOND-HALF pre-tax income of the **Land Securities Investment Trust** rose from £14.88m to £20.32m giving the property development and investment company a full year figure to March 31, 1980 of £38.12m, compared with £26.36m. Total income reached £83.53m, against £75.59m.

Net rents and interest receivable increased from £54.57m to £60.38m for the year, while interest payable was down from £28.21m to £22.26m.

Tax took £15.94m (£9.71m) and earnings per 50p share are shown as 9.73p (8.07p) basic, and as 9.52p (7.65p) diluted. The net dividend total is stepped up from 6.5p to 7.8p per share, costing £17.78m (£13.52m).

At balance date, the aggregate value of the group's property portfolio was £1.2bn, comprising £1.18bn of properties at the amounts as professionally valued on an open market basis as at March 31, 1979, and £26.39m of additions during the 1979-80 year at cost but excluding properties sold in that period.

Without adjusting for any tax which would become payable in the event of the proerties being sold, consolidated group net assets at March 31, 1980 amounted to £883.98m, on which basis the fully diluted net asset value per share would be 371p.

A fully representative sample of approximately a quarter by value of the property portfolio as at March 30, 1980, has been professionally valued on an open market basis and this has resulted in an uplift of some 25 per cent when related to corresponding 1979 values.

Lex, Back Page

Exploration lower at £712,000

A DROP of £68,325 to £711,982 in pre-tax profits, is reported by the **Exploration Company**, investment dealer, for 1979. At half-way pre-tax profits fell from £274,901 to £237,316.

However for the current year, the directors are raising the interim dividend from 0.7p to 1.25p.

El Oro Mining and Exploration, a subsidiary of Exploration Company, also reports lower pre-tax profits at £551,087 against £566,937. Tax charged was £231,126 (£257,066). The interim dividend for the current year is raised from 1.4p to 2.5p.

MAM slips—sees full-year downturn

TAXABLE PROFITS of **Management Agency and Music**, leisure group, slipped from £1.41m to £1.37m in the six months to January 31, 1980, in line with the directors' expectations. But they believe the full-year surplus will be somewhat lower than was anticipated—pre-tax profits reached £3.12m for 1978-79.

Although turnover continues to increase — advancing to £10.42m (£8.78m) in the half-year—rising costs are having an adverse effect on current profitability, they add.

The interim dividend is raised from 2.5125p to 2.8p net, and the directors expect at least to maintain the final at 5.8875p even though they see a reduced profit for the year.

Earnings per 10p share are given lower at 8.74p, against 9.18p, after tax of £712,280 (£732,614).

The retained balance came through at £446,894, compared with £491,124.

● comment

Management Agency and Music's interim results did not go down well and the shares fell 10p yesterday at 133p. The slight drop in profit and management's forecast of a decline for the full year are due more to the reluctance of brewers to accept increased rents on the pinball and fruit machines in their pubs than to the expected fall in the contribution from Tom Jones and Engelbert Humperdinck. Machine rental produces more than half MAM's profit compared to less than 15 per cent from the entertainment business. But while "pop stars" may be erratic, the machines require a fleet of 500 costly service cars. The prospective yield of 9.5 per cent and p/e of 6.9 on an estimated £2.9m pre-tax profit for the year suggest that investors do not like either very much.

Helical Bar moves ahead to £259,000

PRE-TAX profits of **Helical Bar**, steel reinforcement and stockholding concern, reached £259,000 for the 40 weeks to February 2, 1980, compared with £137,000 for the previous year. The directors sa ya good start has been made to the current period.

A final dividend of 1.75p, against the mid-term forecast of not less than 1p, lifts the total to 2.75p (1p). Earnings per 25p share are shown well ahead at 7.7p (3p).

Tax took £37,000 (£49,000), and there was an extraordinary credit of £48,000 (£29,000 debit).

Turnover amounted to £8.23m (£8.15m). The pre-tax surplus included increased share of associates' profits at £52,000 (£29,000).

UK COMPANY NEWS

Stone-Platt plans assets sale to cut borrowings

"IT IS proposed to dispose of certain of Stone-Platt Industries to make a substantial reduction in borrowings and to bring the group into better financial balance, Sir Geoffrey Hawkings, chairman, says in his annual report.

A reduction in borrowings will have a wholly beneficial effect on interest charges and would enable the roup to return to more normal banking arrangements, the chairman adds. "I hope that within the next year most, if not all, of this will have been accomplished."

The group's electrical, marine and pump businesses are all forecasting better results than in 1979 and the performance of the overseas companies should again be satisfactory, Sir Geoffrey says. "Nevertheless, 1980 is bound to be a difficult year."

As a group, Stone-Platt has to face the very difficult situation caused by the growth in short term borrowings and the reduction in net assets caused by the need to write off large provisions as extraordinary items, the chairman states.

The group's main operating problems are within the UK operations of two of the group's divisions. Directors are engaged in restructuring Platt Saco Lowell in Lancashire and have made certain management changes.

The restructuring also includes closure of the Oldham plant by the end of the year, efforts by the electrical division to transfer work there from Crawley having proved unsuccessful. The marine activities are also being reappraised.

As reported, a loss before tax of £2.94m was incurred in 1979 compared with a £9.51m profit previously. Out of total sales of £211m, sales to customers outside the UK were 77 per cent. Exports from the UK at £88m accounted for 65 per cent of UK output.

The unexecuted order book at the end of 1979 stood at £151m. The 1978 year-end order book was £179m but this included an unexecuted order of £32m for the Middle East which was subsequently cancelled.

A valuation of the majority of the group's properties in Europe and the U.S., at December 31, 1979 amounted to £19.4m which was £8.5m in excess of book value.

REPORTS TO MEETINGS

Metalrax off to good start—keen to make acquisitions

A VERY satisfactory start to the current year had been made by Metalrax (Holdings), engineering group, Mr. John Wardle, chairman, told shareholders yesterday.

Company liquidity in the first quarter had increased radically. The group had quite a substantial sum in the bank and was keen to acquire other suitable companies in cash or share transactions, he said.

The company had coped well with the engineering and steel strikes but the knock-on effects were still to come. However, unless there was a disaster, holders should be well satisfied with the results for the first half, he concluded.

Approval was given to an increase in authorised capital from £1.2m to £1.45m.

At other meetings, chairmen said:

Thomas Jourdan—Results to date indicate that first-half profits will be a record.

Home Charm—Since reporting in the annual statement that sales since the beginning of 1980 had increased by 25 per cent, indications were that second quarter sales were not showing the same growth.

While the outcome for the first half may well be affected by this slowing down in sales, the chairman was confident of the company's ability to overcome whatever difficulties lie ahead.

Spirax-Sarco Engineering—The group's stocks of raw materials, components and finished products carried it through the steel strike, although at some extra cost.

At home, recent weeks had shown signs thta customers were feeling the effects of reduced economic activity. The group will be looking to the overseas side, where orders continue at a very satisfactory level, to make good any further downturn in the UK economy.

"We shall undoubtedly have to work hard to fulfil uor plans for 1980."

Glasgow Pavilion—Although it is too early too make any forecast either in respect of profitability or dividends, trading since the pantomime season has been profitable. In addition, the company had a strong cash position with interest accruing from monies on deposit."

The directors were now able to move ahead with plans to broaden and strengthen the interest of the company, principally in leisure activities. Despite a disappointing pantomime season, the theatre was virtually fully booked until spring 1981, a position not achieved for several years.

NORTH BRITISH PROPERTIES

Of the £3,240,387 9½ per cent convertible unsecured loan stock 1996 of North British Properties offered by way of rights to the ordinary shareholders, around 90 per cent nominal has been taken up.

MINING NEWS

RTZ negotiates stake in Cerro Colorado

BY PAUL CHEESERIGHT

RIO TINTO-ZINC, the London mining house, yesterday foreshadowed a major increase in its £450m a year copper business by disclosing that it was having talks with the Government of Panama on the possibility of taking up to a 40 per cent stake in the £818.7m Cerro Colorado project.

The discussions were requested by the Panamanian Government at the end of last week, a spokesman said. An agreement could be finalised in about a week's time.

Such an agreement would involve both a financial and an equity arrangement and would provide a basis on which RTZ and the Government would move together towards a final feasibility study of the deposit. A decision on mine development could be made in about a year's time.

The Government has been seeking for some years a way of bringing Cerro Colorado, about 160 miles west of Panama City, to production. It is one of the world's major copper deposits with huge reserves of up to 2.2bn tonnes, but a low grade averaging 0.7 per cent copper and 0.015 per cent molybdenum with small quantities of silver.

Government hopes were checked in April when Texasgulf, the U.S. group with a 20 per cent holding in the project, decided to withdraw. This prompted the Government to solicit from major mining groups proposals for a way forward.

RTZ's proposals, the details of which have not been revealed, were submitted a month ago. The Panamanian invitation to talks on finalising agreement indicates that it has now become the front-runner to bring the deposit to production.

The Government has for long held an 80 per cent stake but was apparently told last autumn that in view of the strains on its external finances, it should reduce the holding to 60 per cent.

The way is therefore open for RTZ to take both the existing Texasgulf stake and a portion of the Government holding, which is in the hands of Codemin, the state mining agency.

Over the past year, as the metal markets emerged from the recession the prospects for Cerro Colorado have looked brighter. The low grade of the copper has meant that it has to be mined intensively to gain economies of scale, but this in turn has created further difficulties.

The deposit is in a remote mountainous area, and a complete infrastructure has to be created, including a new port. But energy costs should be moderate because of the available hydroelectric resources.

Certainly the project is so large as to be beyond the reach of a single state agency or independent company. However, RTZ has accepted that the days when it could act on its own in a project have passed. The Canadian Export Development Corporation has agreed to provide loans of $1.12bn (£490.3m) and Codemin is hoping this sum may be increased.

Swedish Arctic iron mine may be better

SWEDEN'S STATE-OWNED iron ore mining company LKAB expects to make its fifth successive pre-tax loss this year, but hopes to move closer to the break-even mark. Mr. Sven Johansson, managing director, expects the company to lose about SKr 80m (£8.2m) in 1980, a reduction of more than SKr 400m against the 1979 deficit, reports William Dullforce from Stockholm.

The company, which operates inside the Arctic Circle, made a consolidated loss before extraordinary items of SKr 492m for 1979. Sales for the year rose by 16 per cent to SKr 2.27bn. Ore deliveries increased by more than 2m tonnes to 26.7m tonnes, of which 92 per cent was exported.

During the year the company received a state grant of SKr 440m to cover previous losses, issued SKr 200m in new shares and obtained an interest-free loan of SKr 45m from Statsfoeretag, the state holding company.

After extraordinary items, which included the state grant, LKAB had a pre-tax loss of SKr 61.6m for 1979, more than SKr 300m lower than the deficit for the previous year.

Mr. Johansson described the 1979 loss as still "very serious," but added that the rationalisation programme, which has cut the number of employees by 1,500 since 1976 and reduced electricity consumption by 6 per cent, should lead to a further reduction in the loss this year.

LKAB has negotiated price increases for this year of 25 per cent for its iron ore pellets and of nearly 30 per cent for other ore grades in dollar terms. The decline in the dollar exchange rate probably means that the increases will work out about 5 per cent lower in krona terms, Mr. Johansson estimated.

He said that his reservations about developments in 1980 included the risk of another substantial decline in the world market for steel. He also feared that the strong inflationary pressure in Sweden and "an increasingly intolerable taxation system" might produce a cost rise "which could again place us outside international competition."

Mr. Johansson was, however, cautiously optimistic about ore market developments during the first half of the 1980s. Even with a slow rate of growth in the world steel industry, he said: "It is difficult to see how the increasing demand for ores is going to be covered by the production capacity so far decided on."

Agnico-Eagle in good shape

CANADA'S GOLD and silver-producing Agnico-Eagle has made a buoyant start to 1980 in line with the strong precious metal prices prevailing in the first quarter. Net earnings for the period amounted to C$ 4.56m (£1.7m), or 33 cents per share.

This follows the record of C$ 7.95m for all of 1979 which compared with only C$ 2.64m in 1978. Last year's earnings stemmed from an average gold price received by C$ 366 per ounce and one of C$ 16 per ounce for silver.

Earnings will probably ease in the current quarter with the lower metal prices prevailing. But as the president, Mr. Paul Pena, points out "very adequate profits margins" are anticipated for its gold and silver output this year in the light of low production costs which last year equalled below C$ 130 per ounce for gold and just over C$ 6 for silver.

Meanwhile, the mining properties are in good shape—the company has been awarded the regional John T. Ryan Trophy for the lowest accident rate—and the ore reserve position is healthy. A second dividend of U.S. 15 cents has just been paid following the maiden declaration last year of 10 cents.

Shareholders looking for a further increase in the distribution may be hoping for some good news from Mr. Penna at the Toronto meeting on June 20. The shares were C$ 11.75 yesterday in Canada and around 438p in

ZAMBIA GRANTS URANIUM RIGHTS TO JAPANESE

The search for uranium in Zambia has been given impetus by an agreement just signed by a government agency and the semi-official Power Reactor and Nuclear Fuel Development Corporation of Japan. The Japanese group will spend about $1.3m (£569,000) on exploration this year.

This agreement, which covers prospecting and mining rights in the south of country, follows accords on uranium exploration reached with Agip of Italy and Saarberg Interplan of West Germany.

Other applications for uranium prospecting rights in Zambia are being considered from U.S. Steel, Noranda Mines of Canada and a subsidiary of British Nuclear Fuels, said a spokesman at the Ministry of Mines.

RESULTS AND ACCOUNTS IN BRIEF

AMALGAMATED METAL CORPORATION (metals and rinerals merchant, tin smelter)—Results for 1979 reported April 24. Chairman says the key to group's future success must lie in the restoration to profitability of its physical metal trading activities. Group fixed assets £9.84m (£9.23m), investments £4.2m (£4.63m). net curemt assets £23.11m (£22.73m). Ultimate holding company is Preussag AG. Meeting, Winchester House, EC, June 5, 10 am.

HADEN CARRIER (mechanical and electrical services, metal finishing, mechanical handling)—Results for 1979 reported April 25 in full preliminary statement. Net liquid funds increased by £5.3m (£2.17m decrease). Group fixed assets £13.31m (£12.44m), current assets £86.49m (£81.8m), current liabilities £61.36m (£56.71m). Meeting, 7-12, Tavistock Square, WC, June 6, 3 pm.

AQUASCUTUM AND ASSOCIATED COMPANIES (clothing)—Results for year ended January 31, 1980, reported April 11. Chairman says group is strongly based and there is the means and a substantial improvement in results as benefits accrue from new arrangements now being planned and an improvement in general conditions. Group net current assets £7.89m (£7.15m). fixed assets £2.2m (£1.91m). Meeting, 100, Regent Street, W., June 3, noon.

LILLESHALL COMPANY (steel rolling, stockholding and engineering)—Results for 1979 and prospects reported April 23. Group fixed assets £2.11m (£2.05m), net current assets £1.4m (£1.13m). Shareholders' funds £3.03m (£2.73m). Working capital increased £340,000 (£119,000 decrease). Meeting, Telford, June 6, at noon.

GILL AND DUFFUS GROUP (commodity broker, merchant, processor)—Results for 1979 reported April 10. Group fixed assets £11.81m (£12.15m). Net current assets £64.85m (£56.87m). Net liquid funds decreased by £521,000 (£23.85m). Meeting, 14-20, St. Mary Axe, EC, June 4, noon.

FINLAY PACKAGING (colour printing)—Results for 1979 reported April 11. Fixed assets £1.17m (£1.13m). Net current assets £1.55m (£1.24m). Historical pre-tax £511,000 (£526,000) reduced on CCA basis to £371,000 (£411,000). Company has made good start in 1980. Meeting, Belfast, June 4, noon.

BARTON AND SONS (engineering, tubing and foundry, industrial services)—Results for 1979 reported April 9. Chairman says group has made encouraging start to current year. Inflation adjusted pre-tax profits £1.44m compared with historical £3.33m. Group fixed assets £9.36m (£7.66m). Net current assets £9.8m (£13.15m). Bank overdrafts and loans £4.76m (£1.28m). The directors say that present value of group's land and buildings is not less than £7.5m, against book value of £2.5m. Meeting, Sutton Coldfield, June 4, at 12.30 pm.

UNITED CARRIERS (road transport, leasing and credit finance, engineering)—Results for year ended January 26, 1980, reported April 23 in full preliminary statement. Group fixed assets £9.18m (£7.09m), net current assets £2.4m (£2.43m). Shareholders' funds £11.72m (£9.67m). Meeting, Sywell, June 4, at noon.

HOSKINS AND HORTON (building and hospital equipment group)—Results for 1979 reported in full preliminary report on April 26. Fixed assets £2.43m (£2.2m); net current assets £909,437 (£1.59m); bank loans and overdrafts £1m (£122,489); working capital decrease £389,286 (£527,544 increase). Meeting, Birmingham, June 2, 12.30 pm.

J. E. ENGLAND AND SONS (WELLINGTON) (potato, grain and produce merchant)—Results for 1979 with prospects reported April 15. Group fixed assets £1.14m (£1.26m), net current assets £338,627 (£421,582). Decrease in working capital £112,564 (...650,207). Meeting, Telford, June 6, 2.30 pm.

NORTH BRITISH CANADIAN INVESTMENT COMPANY—Results to February 28, 1980, reported March 29. Quoted UK investments £7.76m (£7.15m), abroad £124,175 (£133,297), unlisted £99,302 (£137,772), cash on deposit £490,000 (£410,000). Current assets £355,768 (£42,648), current liabilities £652,412 (£318,493). Meeting, Edinburgh, June 6, at 10.45 am.

DORANAKANDE RUBBER ESTATES—Pre-tax profit for 1979 £41,337 (£29,975). Share of associate's profit £6,051 (£1,303). Tax £10,642 (£9,461). Compensation from Sri Lanka £3,698 (£3,897). Dividend 2.75p (2.25p) net per 10p share with 2p (1.897p) final, Earnings 4.03p (2.7p).

LEC REFRIGERATION—Results for 1979 reported April 18. Group fixed assets £2.5m (£2.46m), net current assets £6.2m (£5.38m). Working capital up £1.23m (down £0.74m), net liquid funds down £0.28m (up £1.59m) CCA adjusted pre-tax profits £767,000 (£971,000) against historical £1.62m (£1.58m). In current year the company has suffered from national steel strike, but by the end of April total sales show significant improvement over same period of 1979. Further satisfactory results are expected. Meeting, Bognor Regis, June 6, at 11.30 am.

CATALIN (industrial resins)—Results for 1979 reported April 12. Group fixed assets £1.79m (£1.81m), net current assets £1.56m (£1.45m). Shareholders' funds £2.55m (£2.41m). Working capital up £230,900 (£879,739). Meeting, Waltham Abbey, May 30, noon.

WILSON (CONOLLY) HOLDINGS (housebuilding and services, property)—Results for 1979 reported April 23. Group fixed assets £6.95m (£6.25m), net current assets £17.15m (£12.95m). Meeting, Northampton, May 23, noon.

HENRY BOOT AND SONS (construction, engineering and property)—Results for 1979 reported May 2 in full preliminary statement. Group fixed assets £5.07m (£4.2m), current assets £20.35m (£17.17m), current liabilities £16.42m (£10.45m). Total net assets £16.76m (£16.32m). Shareholders' funds £13.36m (£11.44m). Meeting, Sheffield, May 30, noon.

CARLTON INDUSTRIES (batteries, whisky and housebuilding)—Results for 1979 reported March 22. Chairman says the co-operation received from every section of group plus investment that is being made in all divisions, provides an encouraging base for future growth. On CCA basis, adjusted pre-tax profits £13.81m (£9.29m for nine months) compared with historical £16.95m (£10.65m). Group fixed assets £40.14m (£31.66m), net current assets £16.62m (£12.78m). Bank overdrafts £18.33m (£10.24m). At balance date, Hawker Siddeley Group and London Merchant Securities respectively held 51.7 per cent and 27.2 per cent of equity. Meeting, Bristol, May 29, 12.30 pm.

JAMES NEILL HOLDINGS (tool making and general engineering)—Results for 1979 with prospects reported April 24. Group fixed assets £24.73m (£20.61m), investments £0.42m (£0.4m), net current assets £27.6m (£28.02m). Shareholders' funds £35.35m (£32.52m).

OWEN OWEN (department stores)—Results for year ended January 26, 1980, reported April 17. Group fixed assets £17.4m (£18.3m). Net current assets £10.33m (£9.73m). Cash and bank balances increased £817,000 (£183,000 decrease). Bank overdraft decreased £885,000 (£27,000 increase). Meeting, Liverpool, June 6, 11.30 am.

MYSON GROUP (manufacturer of heating, ventilating and air conditioning equipment)—Results for 1979 reported on April 17 in full preliminary report. Fixed assets £9.65m (£7.78m); net current assets £9.84m (£9.45m); bank overdrafts and loans amount to £5.07m (£2.54m). Accountants state that provision has not been made for depreciation of freehold and long leasehold buildings in the UK, and in this respect, the accounts do not comply with SSAP 12. Chairman says group has made excellent start and in first quarter sales were at record levels. Meeting, Quaglino's, Bury Street, SW, June 3, noon.

S. W. FARMER GROUP (maker of structural steelwork and platework. Results for 1979, reported March 12, with observations on prospects. Group fixed assets £2.5m (£2.02m). Net current assets £2.89m (£2.37m). Meeting, Bromley Court Hotel, Bromley, Kent, on June 12 at noon.

AMALGAMATED POWER ENGINEERING (diesel engines, steam turbines, compressors, gears, pumps and valves)—Results for 1979 reported April 25 with prospects. On C.C.A. basis, historical pre-tax profit £1.56m (£6.78m) turned into £1.56m loss (£4.13m profit). Group net current assets £21.35m (£20.9m), fixed assets £10.94m (£8.06m). Decrease in net liquid funds £8.46m (£0.38m). Meeting, Bedford, June 12, noon.

W. H. SMITH AND SON (HOLDINGS) (newsagent, bookseller and stationer)—Results for 52 weeks ended February 2, 1980, reported April 17. CCA adjusted pre-tax profits £15.17m (£16.53m) compared with historical £18.62m (£20.19m). Group net current assets £18.87m (£25.62m), medium-term liabilities £7.31m (£0.59m), fixed assets £84.72m (£67.71m). Future capital expenditure approved and not provided for in accounts £9.98m (£16.79m). London International Press Centre, EC, June 11, at 11.30 am.

BEN WILLIAMS AND CO (wholesale clothing manufacturer)—Turnover for 1979 £1,951,047 (£1,787,111), pre-tax profit £10,348 (£24,625) after interest £57,564 (£30,925). Tax £2,914 (£3,755). extraordinary credit £56,053 (£168,107). Earnings per 10p share 0.48p (1.7p). dividend 0.5p (same) net.

F. J. C. LILLEY (civil engineering, public works contractor)—Results for January 31, 1980, reported April 3. Group fixed assets £11.27m (£6.82m). Net current assets £11.38m (£9.39m). Net liquid funds down £312,000 (£2.31m up). Meeting, Glasgow, June 2, noon.

FARNELL ELECTRONICS—Results for year ended January 31, 1980, reported April 23. Group fixed assets £3.11m (£2.67m). Net current assets £12.68m (£10.49m). Historic pre-tax profit £5.12m (£4.05m) reduced to £4.03m (£3.26m) on CCA basis. Chairman says group companies are in good shape anwd that directors are confident progress can be maintained. Meeting, Leeds, June 12, 1 pm.

FOTHERGILL AND HARVEY (fluorocarbon products, synthetic fibre textiles)Results for 1979 reported April 10. Group fixed assets £3.83m (£3.19m). Net current assets £5.07m (£4.47m). Net borrowings decreased by £849,000 (£1.88m increase). Meeting, Manchester, May 30, 12.30 pm.

NEWART HILL (civil engineering, building)—Results for year ended October 31, 1979, reported May 2. Group fixed assets £30.96m (£26.66m). Net current assets £14.97m (£13.49m). Net liquid funds decreased by £12.05m (£4.86m). Meeting, Imperial Hotel, WC, May 29, 12.30 pm.

BROWN BOVERI KENT (HOLDINGS) (process control, industrial measurements)—Results for 1979 already known. Current assets £60.57m (£53.4m). liabilities £22.85m (£19.72m). Net liquid funds decreased £7.03m (£1.2m increase). Historic pre-tax profit £5.79m (£7.44m), reduced to £2.2m (£4.8m) on CCA basis. Meeting, Great Eastern Hotel, EC, June 5, noon.

BUNZL PULP AND PAPER—Results for 1979 reported April 30. Group fixed assets £42.29m (£42.62m). Net current assets £35.6m (£29.78m). Meeting, Great Eastern Hotel, EC, June 3, 11.30 am.

COSALT (ships' chandlery, caravans, refrigeration)—Results for 1979 reported April 11 in preliminary statement with prospects. Group fixed assets £6.85m (£6.21m). Net current assets £5.4m (£4.42m). Net liquid funds decreased £735,227 (£129,987) — bank overdrafts increased £745,343 (£124,877). Meeting, Grimsby, June 2, noon.

FRANCIS INDUSTRIES (engineers)—Results for 1979 reported April 26. Group fixed assets £6.7m (£5.5m). Net current assets £5.98m (£4.75m). Bank overdrafts £1.35m (£.49m). Historic pre-tax profit £1.92m (£1.5m), reduced to £1m (£842,000) on CCA basis. Chairman says despite steel strike effects, group companies should still be able to achieve improvements. Meeting, Great Eastern Hotel, EC, June 3, noon.

LYLE SHIPPING—Results for 1979 reported April 12 in full preliminary report. Fixed assets £30.74m (£27.02m); net current liabilities £3.89m (£3.66m); capital commitments (contracted but not provided for in accounts) £18m (£128,000). Chairman is optimistic that operating results for 1980 will be significantly better than those for 1979. Meeting, Glasgow, June 3, 12.15 pm.

CLEMENT CLARKE (HOLDINGS) (dispensing optician).—Results for 1979 reported on April 22. Fixed assets £2.6m (£2.46m); net current assets £1.58m (£1.15m), including bank balances, cash and short term deposits £453,086 (£26,579). Shareholders funds £4.72m (£4.01m). Chairman's assessment of prospects for the year remain optimistic. Order books are in a healthy position, with Ministry of Defence contracts at a higher level than for some years. Although certain export markets are still affected by economic difficulties, sales remain steady. Half-year results should be as planned, with promise of a satisfactory final result. Meeting, Institute of Directors, Pall Mall, SW, June 4, noon.

JAMES BEATTIE (department stores)—Results for year ended January 31, 1980, reported May 13. Inflation adjusted pre-tax profits 3.47m (£3.15m), against historical £4.11m (£3.6m). Fixed assets £4.45m (£3.87m), net current assets £5.99m (£5.3m). Sales for current year are so far running about 7 per cent above last year. The company has "close" status. Meeting, Wolverhampton, June 3, at 2.30.

ELLIS AND GOLDSTEIN (HOLDINGS) (Manufacturer, distributor and retailer of ladies' outerwear)—Results for year to January 31, 1980, and prospects reported on April 25, 1980. Fixed assets £4.07m (£3.85m); net current assets £7.51m (£7.36m), increase in working capital £334,000 (£1.08m). Meeting, Barrington House, Wood Street, EC, June 4, noon.

WIGHT HOLDINGS (formerly Wight Construction Holdings) — Results for year to January 31, 1980, already known. Group fixed assets £479,958 (£479,973). Net current assets £1,225,438 (£948,637). The chairman says the Board is aware that there may be a need to diversify the group's interests. In this sent and in all other matters he remains confident that the resources, both financial and physical, are there to be utilised for the benefit of the group in the years that lie ahead. Meeting, Edinburgh, on June 4, at 11 am.

MODERN ENGINEERS OF BRISTOL (HOLDINGS)—Results for 1979 reported April 26. Fixed assets £501,478 (£437,494); net current assets £1.36m (£1.14m); increase in net liquid funds £250,486 (£258,405 decrease). Order books of the various divisions are satisfactory and chairman is cautiously optimistic thatt he group will produce satisfactory results for the current year. Meeting, Bristol, June 4, noon.

HOUSE OF LEROSE (ladies' fashion)—Results for 1979 reported March 20. Group fixed assets £3.9m (£3.28m). Net current assets £3.28m (£3.57m). Net outflow of funds £803,937 (£830,610 inflow); increase in bank overdraft £17,931 (£487,472). Historic pre-tax profit £1.19m (£1.21m) reduced to £1.07m (£1.05m) on CCA basis. Meeting, Birmingham, June 6, noon.

BIDS AND DEALS

Amalgamated Industries sells 77% of Derritron

Amalgamated Industrials, a subsidiary of Seton Trust, which is itself owned by Seton Securities, has sold a holding of 77 per cent—some 9,221,795 shares—in Derritron, the electronic equipment group. The shares were sold at 21p so the holding is valued at £1.94m.

The shares have been sold to investment clients of Rowe Rudd and Company, the stockbrokers. The placing was organised by Mr. Tony Rudd who heads Derritron.

Although Amalgamated Industrials still holds 1m ordinary shares in Derritron, Derritron no longer maintains its subsidiary status within Amalgamated. In the opinion of the directors Derritron is no longer a close company.

Mr. Tony Rudd said that a wide range of investors had take nup the shares from the Amalgamated sale.

Mr. P. C. Hegard of Seton and Mr. A. Hegard have resigned as directors and Mr. G. P. Kelly has been appointed to the board.

Derritron warned yesterday that on present indications the trading results for 1979 are likely to show a reduced profit. 'However it is considered appropriate to write off major exceptional items as a consequence of which the outcome for the year is now likel yto be close to a break even position. The directors believe *1980 will see a significant* recovery in profitability."

A. G. STANLEY

A. G. Stanley, the home decorating group, is making an offer for the 13.2 per cent of the "A" ordinary shares of Morris and Blakey Wall Papers which it does not already own.

Stanley is offering three of its own ordinary shares under the deal plus 570p cash for every 20 Morris and Blakey "A" ordinary shares.

This places a value of £239,089 on the 603,760 "A" non-voting ordinary shares which Stanley is intending to acquire. Stanley's shares closed at 74p yesterday.

Imperial Group's pension fund, ITV Pension Trust, has given its irrevocable undertaking to accept the offer, as have other shareholders in respect of an aggregate of 602,512 Morris and Blakey "A" ordinary shares. Their acceptances represent 99.8 per cent of the shares which are under offer.

Last year A. G. Stanley made an agreed £4.6m bid for Morris and Blakey.

STEAU ROMANA

The Stock Exchange listing of Steau Romana (British) was restored at 9.30 am yesterday.

ACC and RCA talks over Pye

Associated Communications Corporation confirmed yesterday that it is discussing the future of its loss-making Pye records division with the American company RCA.

According to Mr. Louis Benjamin, deputy chairman of ACC and chairman of Pye, talks have been going on for some weeks. "We are seeking ways and means of *working together.*"

He said that while the company was seeking a swift decision, talks had not got as far as discussing specific ways in which the two companies could work together.

Although Pye's immediate problem, in common with other record companies, is one of overcapacity it may have a longer term interest in RCA's video discs. And RCA has already announced its intentions to sell it svideo-disc system in Europe and has said it may licence other companies to manufacture both the players and the discs.

RCA's video-disc is designed to be cheaper, costing around $500 in the U.S., and simpler than rival systems from Philips, JVC and Sony.

Mr. Benjamin commented: "My firm belief is that video discs and cassettes will end up being sold in the record retail stores and could well compensate for the shortfall in record sales which will not return to the levels it saw in its heyday."

The record and tapes division of ACC lost £43,000 last year. ACC also owns ATC and Classic Cinemas.

FODENS

The Norwich Union Life Insurance Society has cut its holding in Cheshire truck-maker Fodens from 11.4 per cent to 8.8 per cent of the "A" ordinary shares. The shares have been sold steadily in the market over the last two months.

ICFC/EDITH

Industrial and Commercial Finance Corporation and Estate Duties Investment Trust are to subscribe £700,000 on new capital in Gerald Quin Cope and Co., discount brokers and international security dealers.

The new money, which represents 42.75 per cent of the total issued capital of the company, will be used for working capital.

The issued capital of Gerald Quin Cope and Co. has been increased to £1.31m.

BERKELEY HAMBRO OFFER EXTENDED

The Berkeley Hambro Property offer for Bishopsgate Property and General Investments has been accepted in respect of 5.09m shares (70.88 per cent of the shares for which offer was made). The offer is extended to May 30.

ASSOCIATE DEALS

As brokers to Waring and Gillow (Holdings), Fielding, Newson-Smith and Company on May 16 and May 19 bought respectively 300,000 and 950,000 ordinary shares of Maple and Company (Holdings) at 34½p, bringing Waring's total holding to 4.1m (14.68 per cent).

Geers Gross paying £1m for U.S. firm

BY ALAN FRIEDMAN

GREERS GROSS, one of the two major quoted advertising agencies in the UK, is to acquire Martin Landey Arlow Advertising, a New York firm, for a consideration of $2.3m (£1m).

Mr. Charlyes Hoare, the chairman of Geers Gross, said yesterday that this was the group's second U.S. acquisition and would enlarge the American base. "We wil now be a company with a turnover of more than £50m. This is what we need to enter the big time in the States."

Group turnover is expected to rise to more than $125m (£55m) this year, placing Geers Gross among the top 40 agencies in the world. The group's UK-U.S. profit split should soon be 50-50, according to Mr. Hoare.

The company, which recently reported double pre-tax profits at £827,000, has funded the acquisition in part by a placing of 1.6m ordinary shares at 43½p. The balance is being made available from bank facilities:

The details of the acquisition are to be sent to shareholders in a circular being posted today. An extraordinary general meeting will be held to approve the transaction on June 12.

Shareholders holding more than 51 per cent of the ordinary shares have already agreed to vote in favour of the deal.

Mining Supplies builds up Laurence Scott stake

BY REG VAUGHAN

IN A move to protect its interests Mining Supplies, the mining machinery and general engineering and electrical group, is building up a strategic stake in Laurence Scott, the troubled electrical machinery and control gear maker.

Through the markket MS is offering to pay 60p per share to take its shareholding up to 29.9 per cent—just below the level at which a bid would have to be made under the Takeover Panel rules.

Rowe and Pitman: on behalf of MS, is offering to buy a total of 2,436,169 shares—equal to 25.9 per cent of the Scott equity. MS already held a 4 per cent interest. Rowe and Pitman started buying yesterday *and* at the *end* of the day had picked up 1,545,000 (16.4 per cent). It expects to complete the operation today. Scott shares

Mr. Paul Tapscott, chairman of closed 16p higher at 62p..

Laurence Scott, said: "We are studying the implications of this situation. At this stage the initiative is clearly with Mining Supplies. The companies had substantial areas of common interests," he added..

Laurence Scott *supplies* MS with electric motors and other related items and also does a lot of work for the coal mining industry an area where MS is heavily involved.

Mr. Arthur Snipe, chairman of MS, said yesterday that a closer relationship with MS would "improve the potential of Laurence Scott enormously." And he did not rule out the possibility of a full bid at a later date.

Mr.. Snipe said that MS had worked with Laurence Scott over the past few years hand had placed development contracts with the company. But the recent trading upsets left the group "highly vulnerable." Mr. Snipe said: "We have gone in to *protect our own interests and we* are leaving our options open on whether we want to bid."

But Mr. Snipe made it clear that if MS does launch a bid for the balance "the price won't be any more than we have paid today."

Laurence Scott, which recently received an approach for its PPD Engineering subsidiary from Hambros Bank acting for an investing group, revealed losses of £1.57m for the half-year ended September 30, 1979, compared with a profit of £465,000.

In the half-year ended October 27, 1979, MS was hit by the engineering strike and profits fell from £1.22m to £0.55m. Prior to this the company had shown five years of growth with profits rising from £959,000 in 1973/74 to £2.27m in 1978-79. Despite the first-half setback Mr. Snipe said that the full year would be "impressive."

Laurence Scott has announced a new managing director for its PPD Engineering subsidiary. He is Mr. Eric Sidebotham, managing director of Thorn Automation since 1972, who is filling the vacancy left by the departure of Mr. Roy Ashman. Mr. Ashman is now head of Harland Simon (1980) the company that Hambros is acting for in respect of PPD.

SHARE STAKES

Rugby Portland Cement — Following the recent rights issue, the shareholding of staff nominees has fallen to 4.71 per cent.

Sekers International — Grovewood Securities has acquired a further 92,500 shares and now holds 13.1 per cent.

John Mowlem and Company — F. P. Beck, director, now holds 34,822 shares non-beneficial and 26,632 beneficial; Sir Edgar Beck now holds 38,943 non-beneficial and 59,198 beneficial.

Bejam Group — Mr. J. D. Apthorp, chairman, has sold 250,000 ordinary at 74p.

E. Fogarty — Mr. C. R. W. Fleet, director, disposed of 160,000 shares from his beneficial holding, and 23,136 from his non-beneficial holding.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol	Jan. Last	Stock
ABN C	F.260	4	33.50	—	—	—	—	F.292
ABN C	F.280	1	16	4	20	—	—	"
ABN C	F.300	—	—	1	11	—	—	"
ABN C	F.310	5	2.50	—	—	—	—	"
AKZ C	F.22.50	45	2.30	120	2.70	—	—	F.24
AKZ C	F.25	43	0.80	6	1.70	20	2.20	"
AKZ C	F.27.50	10	0.30	51	0.80	—	—	"
AKZ P	F.22.50	—	—	—	—	20	1.30	"
ARB C	F.60	10	4.50	—	—	—	—	F.62.80
ARB C	F.65	—	—	10	2.50	—	—	"
HEI C	F.65	—	—	—	—	2	5.50	F.60.80
HEI P	F.60	—	—	—	—	2	4	"
HO C	F.17.50	—	—	20	1.10	5	1.60	F.16.70
KLM C	F.60	41	7.50	6	8.70	—	—	F.65.70
KLM C	F.70	243	2.60	42	3.80	1	4.60	"
KLM C	F.80	71	0.60	13	1.60	—	—	"
KLM P	F.60	84	1.80	11	4	—	—	"
KLM P	F.70	41	6.60	5	9.80	—	—	"
KLM P	F.80	12	14.50	—	—	—	—	"
NN P	F.115	10	2	—	—	—	—	F.117
PET C	Fr.5000	2	300	—	—	—	—	Fr.5190
PHI C	F.17.50	6	1	—	—	—	—	F.17.90
PHI C	F.20	—	—	12	0.60	70	1	"
PHI P	F.17.50	25	0.30	102	0.60	—	—	"
PHI P	F.20	—	—	5	2.20	3	2.30	"
RD C	F.150	126	8.80	21	10.60	—	—	F.158.60
RD C	F.160	64	2.80	74	5	—	—	"
RD C	F.170	29	0.70	126	2.30	—	—	"
RD P	F.140	11	1	4	3.50	—	—	"
RD P	F.145	10	2.50	11	6	—	—	"
RD P	F.150	36	4.50	10	7.80	—	—	"
RD P	F.160	7	9.50	—	—	—	—	"
RD P	F.170	5	18	—	—	—	—	"
UNI C	F.116	—	—	20	3.70	—	—	F.108.70
UNI C	F.120	—	—	5	1.80	13	3.60	"
UNI C	F.110	5	4	—	—	3	7.50	"
		Aug.		Nov.		Feb.		
BA C	$35	6	2⅛	-	-	—	—	$33¾
BAS C	DM.150	—	—	5	4	—	—	DM146.20
BAS C	DM.160	50	0.50	—	—	—	—	"
SLB C	$110	13	5½	7	11½	—	—	$107⅛
SLB C	$120	14	2	15	6	—	—	"
		June		Sept.		Dec.		
GM C	$50	—	—	5	⅝	—	—	$43½

TOTAL VOLUME IN CONTRACTS 1877

C=Call P=Put

COMPANY NEWS

Titaghur Jute back in profit

A SHARP recovery has been achieved by the Titaghur Jute Factory Co., in the half year ended December 31, 1979, with attributable profits amounting to £3.51m compared with a £232,000 loss in the same period of 1978-79 and a £785,000 deficit at the end of that year.

However, the directors say that while profits bear out the forecast in the September interim statement, second half results may not be as profitable as those now reported.

First half results in India show a recovery from losses of £239,000 to a net profit of £3.57m but this was offset by a loss in the UK of £38,000 against profits of £5,000. Turnover in India amounted to £15.76m (£10.59m) and the UK, £1.55m (£1.35m).

In the UK there is no sign of an early improvement being likely, the Board states, and with interest costs "continuing as a crushing burden" and the high value of sterling inhibiting exports, it is apparent there will be no appreciable improvement in second half results.

State profit per share in the first half is 243.8p against a 17.2p loss but again no interim dividend is being declared — the last dividend payment was made in August 1972.

Because of the substantial losses incurred during the past 6½ years to June 30, 1979, and the need to conserve cash as well as commitments to financial institutions, it is not possible at this stage to forecast when dividend will be declared, the directors say.

The Board again draws attention to the annual statement for 1978-79 in which reference was made to the heavy revenue and capital expenditure which would have to be incurred in India during the remainder of the current year.

Cakebread Robey advances

FROM increased turnover of £15.13m against £14.21m, profits before tax of Cakebread, Robey and Co., builders' and timber merchant, rose from £790,189 to £880,680 at the end of 1979.

Profits in the first half were down from £310,286 to £285,333 but the directors said then that indications were that the second half should be more profitable than the first six months.

Tax takes £300,875 (£342,647) giving earnings per share of 9.2p against 7.3p. The final dividend is 1.7p lifting the total from 1.82p to 2.3p.

Raw materials costs bite but Wormalds cuts losses

RISING COSTS and raw material prices eroded margins of Wormalds, Walker and Atkinson, woollen textile manufacturer, to a greater extent than anticipated during the 53 weeks to February 29, 1980, and the company failed to reach its expected break-even point.

There was a pre-tax loss of £99,512 against £140,027 after a temporary employment subsidy last time of £28,160.

Although the board reports a considerable improvement in turnover, sales continued to be adversely affected by the weakness of currencies in major export markets. Benefits from the rationalisation of production have been realised and will continue, and these benefits will be a significant factor in containing costs in the current year, says the board.

The dividend is again being passed—the last payment was of 6.7p in 1974. There is a loss per 25p share of 3.16p (4.39p).

There was no tax charge for 1979 against a credit of £1,800. The attributable loss was £45,899 (£58,402) after extraordinary credits of £53,613 (£79,825). The extraordinary items represent surpluses realised on the disposal of certain fixed assets after tax.

Turnover for the 53 weeks was up from £3.18m to £3.88m.

The Board is currently investigating the possibility of a merger with Joseph Newsome and Sons, Victoria Mills, Batley, a private woollen textile manufacturer with a complementary trading pattern.

Talks are at a preliminary stage but if successfully concluded, it is the belief that the merger should produce substantial benefits for the shareholders of both companies.

106 companies wound-up

Compulsory winding up orders against 106 companies have been made by Mr. Justice Vinelott in the High Court. They were:

Loddon Vale Decorating and Heating, Integrated Reclamation and Dredging, S. Bantock Dickinson (Steels), Addingstone, Stadler, Metalex, College Scaffolding and Plant Hire, Artmar Investments, W. P. Brown Investments, T.E.K. Developments, R. E. Hodges Electrical.

Candivanus, Jeraland, B. J. Clarke (Precision Engineers), Waypave, Calthorpe Marketing International, W. J. Bond, Blue Orchid (Chichester), S. Rathcliffe Properties, Ten Star Property Company.

Verve Publications, Thermoline, Vasey Advertising (Leeds), Castle Homes (Wales), Dalesume, J. H. Ilett and Son, Mecon Engineering, Rosebridge Homes, Stavewood, Multramag Electronics, Rex Film Club.

Sercombe Brothers (Harrow), Birtbrit, A.P.R.A.S. Leisure, A.G.R. (Bristol), Colewort, Chris Winter, Hollywood Garage (Staffordshire), Kingdos, Nelvant, Knights Bruce Associates, Delmoat, North European Wood Sales, Ashbuild.

Mia Maritime International Agencies, Midland Renovating Company, East Lancs Security, C. and S. Heating, Gibbwheel, Jetstar Holidays, Metap Services, Security Fencing (South Wales), J. Smith Coats (Shoreditch), Michexe (International), Nilbourne.

Balmy Builders, Kimride, Swiftking, Glenlee Construction Company, Vecway, Shukaira, International Colloids, R.H. and D. Packing Services, Portland Fabrics, Euroholidays, G.A.C. Marketing and Advertising, Bailey Building and Engineering Products, Cedervale Engineers, Castings and Bar Supplies.

D'Aughters (Lapidaries), D.A.G. Huish, Emmaris, Falkland Factors, Fremingdell, J. Mullen (Engineers), Keen (Sand and Gravel) Company, Long Lane Leatherwear, Opalpalm, Pearce and McKelvie, Pop Sounds.

Postal Mongery, Steergrange, Stewart Heath Services, Suitecraft (Upholstery), Surestar, Topstraits, Ty Draw Farms, Travers Engineers, Turner-Hirst, Vivdari, J. A. Tisdall and Company, Patsalides Freight Services, Aranhurst.

Aragon Inns (North West), Abbey Agricultural Engineers and Haulage Company, Quick Service Building, Europa Fruit Importers, Wiskcrown, Mayflower Jewel-Craft, Ellis Ward International, R. and D. Worldwide Skiing, Ramco Engineering, Timkon Building Preservations, Hamilton Boe Hammond Publishers, B.C. Engineering (Birmingham), Fortant.

A compulsory winding up order made on April 21 against Mulplan Building has been rescinded and the petition dismissed by consent.

NORTH AMERICAN NEWS

Interest rate rise hits Sears

BY DAVID LASCELLES IN NEW YORK

BESET BY soaring interest rates and other problems, Sears Roebuck, the largest U.S. retailer, registered a huge drop in profits in the first quarter of this year, but said it would still pay a dividend. The quarter ran to April 30, so it included several weeks of the new credit regime imposed by President Carter in his mid-March anti-inflation package.

The Chicago-based company announced that net income had fallen by 60 per cent, from $150m or $0.47 a share, to $59m or $0.19 a share. Revenues, on the other hand, rose slightly, from $5.3bn to $5.5bn.

Sears blamed the fall mainly on a 48 per cent rise in interest costs, from $197m to $292m during the period, which saw U.S. interest rates soar to record levels. Sears also suffered from the curbs placed on consumer spending by Mr. Carter's anti-inflation package. The company noted that its credit card operation (which is by far the largest in the country with over 40m card-holders) had lost $12m in the quarter, compared to a profit of $11m in the same period last year.

On the effect of Mr. Carter's credit curbs, Sears said: "Consumers were confused, and despite the company's advertising campaign to assure customers and potential customers, credit sales did decline and contributed to the unfavourable sales picture reported for the month."

This appeared to confirm reports that many Americans thought Mr. Carter had made credit card sales illegal, whereas he only tightened conditions for credit sales.

Compared to the disappointing performance of Sears' merchandising operations, its insurance subsidiary, Allstate, did well with net income rising by 24 per cent, from $89m to $110m.

Mr. Edward Telling, the chairman of Sears, said that although the group faced problems in the short term, "for the long term we see promise." He also said the poor first quarter was not surprising in light of the credit restrictions imposed by the Administration.

He said the formation of the Seraco group, the combination of real estate and financial operations with net income of $8m during the first quarter compared with $10m a year ago "represented a first step toward building on the strength in merchandising and insurance for new growth business. We will continue to add new businesses that strengthen the corporation and plan to aggressively look for new opportunities."

J. C. Penney, third largest retailer and second largest factor in the U.S. mail order industry, has also seen a slump in earnings in the first quarter. Total net has dropped from $35m or 51 cents a share to $14m or 21 cents a share, although sales are level pegging at $2.4m. Mr. Donald Seibert, the chairman, said margins had been hit by increased promotional activity and predicted only moderate consumer spending gains during the rest of the year.

Rise forecast in International Thomson sales

By Our Financial Staff

A SIGNIFICANT increase in sales but pressure on profitability is forecast for this year in the annual report of International Thomson, holding group for the Thomson North Sea interests as well as the group's newspaper and travel divisions. Both The Times and The Sunday Times have returned to publication with "significantly higher" circulation than before their suspension.

The North Sea Claymore field will be at peak production in 1980, but output at the Piper field was cut in April for an evaluation of prospective reserve performance which is expected to take six months.

Carnation ahead

Carnation, the major dairy and grocery product group, pushed earnings ahead in the first quarter from $38.4m or $1.03 a share to $42.3m or $1.13, on sales of $764.1m against $666.9m. Our Financial Staff writes. Favourable results are anticipated for the remainder of the year But *Campbell Soup*, the largest U.S. producer of canned soups, reports that third quarter net earnings barely edged forward to $33.9m or $1.03 a share, last year's comparable $33.1m or $1.00 a share. Sales at $626.4m compared with $580.8m.

Pressure on Chrysler bankers

BY IAN HARGREAVES IN NEW YORK

CHRYSLER'S rebel European bankers, who are seeking to overurn the terms of the financial rescue agreed between the company, the U.S. Government and its major lenders, will face intense pressure in the next ten days to put their names to the deal.

But bankers and Government officials now admit in private that a few banks will be quietly and, if possible, secretly paid off.

Members of the Eurodollar syndicate, which has just over $300m in loans to Chrysler and almost twice that sum extended to Chrysler Financial, the corporation's financing subsidiary, discovered last week that four of their members are refusing to go along with the plan.

One of these is Credit Lyonnais, the state-owned French bank. Three others are German or French. In addition, Banque Bruxelles Lambert of Belgium, which still has litigation in a New York court to try to extricate itself, is once again pressing for repayment.

According to the $3.5bn plan agreed in Washington ten days ago, the European banks are expected to contribute a similar range of concessions on interest payments as those agreed to by major American banks. They have also ben asked to convert the backlog of payments into preferred stock holdings in Chrysler beyond 1983, when Government aid runs out.

The rebel bansk are strongly opposed to the preferred stock idea and are argusing that as they did not participate in the negotiations with the Government, they cannot be bound by its agreements.

Federal laws on foreign bids impractical–SEC

BY OUR FINANCIAL STAFF

FEDERAL legislation aimed against takeover bids from foreign companies would not be practical in the U.S., Mr. Harold Williams, chairman of the Securities and Exchange Commission, said in London yesterday.

"Americans have to get used to being on the receiving end of what they were on the giving end of for so long," he added.

Mr. Williams said that attempts to draft such legislation necessarily involved making arbitrary distinctions which could not be appropriate in all cases. He believed that it would be wrong to attempt to insulate inefficient management against the workings of the market place in such a way.

A number of individual states had passed what amounted to anti-takeover legislation, largely as a result of lobbying from corporations based within those states. But at the Federal level, Mr. Williams suggested that there was less talk of such legislation than had been the case a year or so ago.

Records at Perkin-Elmer

NORWALK — Perkin-Elmer *manufacturers of analytical instruments* achieved new highs in sales and profits for both the third quarter and nine months periods of its fiscal year, said Mr. Alfred H. Munkenbeck Jr., vice president.

Sales for the third quarter were $259.5m, a 37 per cent gain over last year. Net income advanced 32 per cent to $17.4m equivalent to 85 cents a share against 67 cents previously.

Sales for the nine months of $715.1m were 38 per cent up on the previous year.

Agencies.

New allies to challenge IBM in the office

By Guy de Jonquieres

IT IS not every day that three technology-based companies with leading positions in their own fields join forces to attack the same market. The alliance is the more interesting when the companies happen to be Xerox, the copier giant, Digital Equipment, the world's biggest minicomputer manufacturer, and Intel, the highly successful integrated circuit producer.

They are aiming to establish a beach-head in the market for electronic office information systems, which bring together business equipment and the technologies of computing and communications. The market is expected to boom over the next decade, as more companies turn to automation to increase white-collar productivity and beat rising staff costs.

The three U.S. companies have agreed to co-operate in the further development of a local communications network, designed by Xerox, which will link different business machines in the same office or building in an electronic "loop." Packets of digitised data can be shuttled between the machines at speeds of up to 10m bits (binary digits) per second, some 400 times faster than the speed of a conventional telephone line.

Higher speeds

The network, known as Ethernet, will use coaxial cable, though eventually optical fibres, permitting even higher transmission speeds, may be used. As well as serving internal office needs it would be linked to an external digital telecommunications network to permit communications with machines in distant locations.

Ethernet would enable several hitherto separate office functions to be brought together nito one operation. An operator at a word processing terminal could for example, edit text or graphics stored in digital form in a computer data base and have the results reproduced automatically on a copier or facsimile machine.

Many intricate technical problems must still be solved though both in the design of the machines themselves and of the interfaces needed to enable the mtoint ercommunicate. The backers of Ethernet beliee that if they can vfind solutions they will be in a strong position to offer the network as a "world standard," to which business equipment manufacturers will be eager to conform.

It is an ambitious gamble which seems certain to bring Ethernet into head-on competition with International Business Machines (IBM), the dominant force in the office equipment market. As well as accounting for roughly 60 per cent of the mainframe computers installed worldwide, IBM spans virtually the entire range of business machines and is highly experienced in data communications technology.

One of IBM's major strengths is that its customers know that almost any product they buy from it will be technically compatible with others in its range. Hence a company can be reasonably sure that as its needs grow it can expand its system without having to dispose of existing equipment. Ethernet's backers hope that the network will provide another means to the same end by allowing a variety of equipment made by different manufacturers to be linked easily into the same system.

Diversification

For Digital Equipment, the Ethernet agreement offers an opportunity to diversify from its dependence on minicomputers, which are facing growing competition from ever-cheaper and more powerful microprocessor-based machines.

Digital will concentrate on those aspects of Ethernet which directly involve computers and it will also be primarily responsible for designing interconnections with external data networks. This will complement the work which the company has already done on the development of architecture for a system linking dispersed computer terminals known as Decnet.

The third partner, Intel, in only 12 years has grown to become the world's fourth biggest semi-conductor company. Through a combination of technological innovation and commercial daring, it has established an impressive *record of "firsts" in marketing* new integrated circuit devices.

Intel will design the microprocessor interfaces which will allow different types of office machine to be hooked into Ethernet. This role is consistent with Intel's own aim of supplying complete programmed systems, in addition to the bare microchips *which it turns out in large* volumes.

INTERNATIONAL CAPITAL MARKETS

Scandinavian Bank issues first Eurosterling FRN

BY NICHOLAS COLCHESTER

SCANDINAVIAN BANK, the UK consortium bank, is first off the mark with an issue of a Eurosterling floating rate note (FRN), following a Bank of England decision to allow banks to raise sterling in this way.

The issue, organised by Morgan Grenfell, will raise £20m for 10 years at a rate of interest ¼ per cent over the London interbank offered rate for three-month sterling. This rate is currently standing at about 17 per cent. The interest will be paid quarterly and there will be a minimum annual payment on the notes o f9½ per cent.

The attraction of this form of finance for Scandinavian Bank is that it is long term finance and it ranks as capital in that Scandinavian's guarantee on the notes is subordinated to the claims of depositors and other senior creditors of the bank. Scandinavian Bank is one of a number of bankso perating in the City which have recently had to boost their capital resources because of the Bank of England's emerging capital guidelines.

The factors which make this a Eurosterling issue are first that it is being floated via an international underwriting syndicate and selling group; second, that the bonds are bearer bonds and pay interest gross of tax; third, that it is aimed at overseas as well as British investors; and, fourth, that it is being floated via an offshore financing subsidiary of Scandinavian.

The terms of the issue are closely modelled on the well-established Eurodollar FRN, which has emerged in recent years as one of the Eurobond market's main financing instruments. The margin over Libor of ¼ per cent has become standardised and the technique of linking the interest payments to the three-month Libor rate, rather than the six-month rate, has also been adopted recently in the dollar market as a way of increasing the stability of the secondary market price of an FRN when interest rates are moving rapidly.

One unusual feature of the Scandinavian Eurosterling FRN is that it is pegged to Libor which, for sterling, is a domestic rate. Classically, Euro-FRNs are pegged to offshore rates for the currency in which they are denominated.

At the first Eurosterling FRN, the success of this issue will be closely watched in the City as will the price of the notes in the secondary market. In particular this issue will test the appetite of overseas investors for sterling at a floating rate of interest and thus indicate whether the formula is viable for financing on a larger scale.

S. G. Warburg and Morgan Stanley are co-managing the issue with Morgan Grenfell. The front end fee for the borrower is 2¼ per cent.

INTERNATIONAL BONDS

Straight dollar issues weaken

BY OUR EUROMARKETS STAFF

PRICES OF straight dollar Eurobonds softened yesterday in light trading with losses on the day averaging about ½ a point.

Latest money supply figures from the U.S. showed a strong increase bringing fears in some quarters that short-term rates may be headed up again. Six-month Eurodollar rates, in fact, were slightly higher at 11¼ points compared with 11⅛ points on Friday.

This climate did not help the two latest issues to begin secondary market trading. The EEC 11 per cent bonds traded at 96¼, down 3¾ points on their issue price, while the Kingdom of Denmark's 11¾ per cent issue shed 2¼ points to 97.

Light trading was also reported from Germany where prices of *DM foreign bonds* were generally well maintained. There were no new issues yesterday but the amount of the current Akzo issue being managed by Deutsche Bank has been raised to DM125m from DM100m originally.

Prices of Swiss franc foreign bonds were little changed. NYK Lines of Japan is floating a SwFr 30m private placement through Credit Suisse. The five-year notes carry a coupon of 6¾ per cent and issue price has been set at par.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. *For further* details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on May 19

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	90½	91	−0⅛	−0½	11.70
Australian Res. 9¾ 84	30	93½	94	−0⅛	−0½	11.56
Beneficial Fin. 9¾ 87	100	89⅛	89⅝	−0⅛	−0⅛	12.03
CECA Grad. Rate 12 86	100	94½	95½	−1	−0¼	13.14
CECA 11¾ 90	50	96½	97½	0	−0⅜	12.14
Canadian Pacific 9¾ 89	50	90½	91	−0½	−0⅞	11.45
Carter Hawley 9¾ 86	50	89¾	90¼	+0⅛	+0⅛	12.15
Continental Grp. 9⅝ 86	100	90⅜	90⅞	−0⅛	−0⅛	11.85
Dome Petroleum 10 94	54	82⅞	83⅜	−0⅛	−0½	12.60
Dome Petroleum 13½ 92	50	99¼	99¾	−0½	−1⅞	13.58
Dominion Bridge 10⅛ 84	30	92⅝	93⅛	−0⅛	−0⅜	12.58
EIB 11¼ 92	80	96⅛	96⅝	−0⅛	−0⅛	12.33
EIB 13¾ 90	100	105⅝	106⅛	−0¼	−0¼	12.88
Ekportin 11¼ 87	50	97⅛	97⅝	−0⅛	−0⅜	11.81
Export Dv. Cpn. 9¾ 84	150	94	94½	−0⅛	−0½	11.49
Export Dv. Cpn. 12¾ 87	100	103⅝	104⅛	−0⅛	−0½	11.87
Federal Dev. Bk. 12⅛ 85	75	101⅛	101⅝	—	—	11.87
Finland 9⅝ 89	100	†85½	86½	−2½	−1⅜	12.58
George Weston 13½ 87	30	97½	98	−0⅝	−0½	14.02
GTE Finance 9¾ 89	55	85⅝	86⅛	−0⅜	0	12.41
GMAC 9⅛ 89	75	90⅜	90⅞	−0⅛	−0⅛	11.47
GMAC O/S Fin. 11 84	100	97⅝	98⅛	0	+0¼	11.54
GMAC O/S Fin. 13⅛ 85	100	104	104½	−0½	−0⅛	12.16
Kennecott Int. 9½ 86	100	84	84½	−0¼	−1⅛	13.50
McGraw 13½ 85	75	97⅝	98½	−0⅛	+0½	14.11
Michelin 10 94	125	87	87½	−0½	−0⅛	11.88
Nat. Des. Telecm. 9½ 86	100	91⅜	91⅞	−0⅝	−0⅝	11.48
New Brunswick 9¾ 94	75	84⅞	85⅜	−0½	−0⅝	11.99
Newfoundland 10 94	50	88⅝	89⅛	−1¼	−1⅜	11.65
Norway 9½ 84	150	94	94½	−0½	−0⅜	11.38
Nova Scotia Pwr. 9¾ 89	50	88⅞	89⅜	−0⅛	−0⅞	11.77
Pennwalt O/S F. 9¾ 84	25	91⅞	92⅜	−0¼	−0⅜	12.34
Pepsico Cap. 9¼ 84	100	81⅜	81⅞	−0⅛	−0⅜	12.58
Quebec Hydro 10 99	75	94⅜	94⅞	−0½	−0⅜	11.04
Sears Roebuck 9 82	150	96	96½	−0¼	−0¼	11.44
SNCF 12⅛ 85	50	102⅛	102⅝	−0½	−0⅜	11.72
Statoil 9⅝ 89	100	89⅜	89⅞	−0⅛	−0⅛	11.50
Swed. Ex. Cred. 12½ 85	40	101	101½	—	—	12.14
Sweden 9¾ 89	100	89½	89⅞	−0½	−0⅜	11.73
Sweden 9¾ 84	100	94½	95	−0⅛	−0½	11.35
Unilever NV 9⅝ 87	100	90¼	90¾	−0⅛	−0⅛	11.24
Warner-Lambert 9 84	100	92⅝	93⅛	−0⅛	+0⅛	11.20

Average price changes... on day −0½ on week −0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 90	200	107⅝	108⅛	—	—	8.76
Australia 8½ 90	250	99⅛	99⅝	−0⅛	+0¼	8.79
BFCE 7¾ 87	100	97½	98¼	+0¼	+0⅛	8.16
BFCE 8⅛ 95	100	96	96¾	−0⅛	+0¼	8.56
Brazil 8 87	150	91⅛	91⅞	0	−1⅛	9.68
CECA 7 91	150	91⅝	92⅜	−0⅛	+1	8.13
Council of Eur. 7¼ 89	100	93⅛	93⅞	+0⅛	−0¼	8.31
Denmark 7⅞ 86	100	95⅞	96⅞	+0⅛	+0⅛	8.69
Denmark 8¼ 92	100	98	99	0	+0¼	8.45
EEC 7⅞ 94	225	95½	96¼	−1	+1	8.37
EIB 7½ 89	200	93¾	94½	−0⅛	+0½	8.45
Finland Rep. of 8 86	150	96½	97¼	−0⅛	+0⅛	8.63
Kobe, City of 7½ 89	150	93⅝	94⅜	+0½	+1½	8.05
Neder. Gasunie 8 86	100	99⅜	100⅛	+0⅛	+0⅛	7.96
New Zealand 7⅛ 87	200	96¼	97	+0⅝	+3¾	7.71
Norway 7½ 85	250	98	98¾	−0⅛	+0⅝	7.91
OKB 7⅜ 89	100	92⅛	92⅞	+0⅛	+0⅛	8.56
Oslo, City of 8¾ 90	80	100½	101	−0⅛	+1⅛	8.82
Sweden 9¾ 87	200	104¾	105½	−0⅜	+0⅛	8.74
World Bank 7¾ 91	400	94⅝	95⅜	+0⅛	+0⅛	8.44
World Bank 7⅞ 90	250	95⅞	96⅝	0	+0½	8.49
World Bank 10 86	150	107½	108¼	+0⅛	+1½	8.27
World Bank 10 90	200	108⅝	109⅜	+0⅛	+1⅛	8.61

Average price changes.. on day 0 on week +0¾

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 89	80	93¼	93¾	−2	−3¼	6.46
Aumar 5 89	60	93¼	93¾	−0⅞	−0⅞	5.94
Australia 3¾ 89	250	89⅞	90⅛	0	−0⅛	5.05
Bergen, City of 4¾ 91	40	91⅜	92¼	−0⅛	+0⅝	5.74
BNDE 5 89	75	87⅛	87⅜	+0⅛	+3⅜	6.88
BMW Overseas 4¾ 91	100	91¾	91¼	+0⅜	+0⅛	5.26
Buhrm'n-Tetterode 7 90	40	104¼	104¾	—	—	6.39
Caisse Nat. Tele. 3¾ 89	100	91⅞	92⅜	−0⅛	−0⅛	5.48
CCCE 5¾ 90	100	100⅜	101⅛	0	+0¼	5.61
Copenhagen 4½ 91	60	†87½	88	+0⅛	+0¼	6.02
Council of Eur. 5 89	100	93	93½	−0⅛	+0⅜	5.95
EIB 4½ 91	100	†91	91½	+0½	+0⅛	5.58
EIB 4¾ 94	100	86¾	87¼	+1⅛	+0⅛	5.73
Elet. de France 4¾ 89	100	92½	93	−0½	−0⅛	5.39
GZB 4¾ 89	100	89⅜	89⅞	+0¼	+0⅛	5.72
Hilti 4½ 91	35	93½	94	+0⅛	+0¼	4.98
Int.-Amer. Dev. 4½ 89	100	89	89½	−0⅛	+0½	6.05
Int.-Amer. Dev. 7 90	80	104⅞	105⅜	—	—	6.31
Jutland Tele. 4½ 90	50	100⅛	101⅛	+0½	+0⅛	5.36
Malaysia 5 89	80	†89	89½	+1	+1½	6.56
Nippon Tel. & T. 4¾ 89	100	92⅛	92⅝	−0¼	+0⅛	5.30
Nordic Bank 5 89	45	98	98½	+2	0	5.24
Norges Komm. 4¾ 91	100	88⅛	88⅝	−0⅛	+1¼	5.78
OKB 4¾ 91	100	88½	89	+0⅛	+0⅛	5.74
OKB 6 90	100	103½	104	−0⅛	+1	5.49
Oslo, City of 4¾ 91	100	86⅞	87⅜	−0¼	+0¼	5.97
Shikoku El. Pwr. 4¾ 89	100	†93½	94	0	0	5.63
Steweag 4¾ 91	60	†93½	94	−0⅛	+1⅛	5.51
Voest-Alpine 4¾ 89	90	93	93½	−0⅛	0	5.73
World Bank 4⅝ 89	100	93¾	93⅜	+0¼	+0½	5.54
World Bank 4¼ 89	150	91⅞	92⅜	+0⅛	−0¼	5.49
World Bank 4⅝ 91	100	†91½	92	−0⅛	+0½	5.62

Average price changes... on day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 85	30	90⅜	91⅜	0	+0¼	8.83
Australia 6½ 88	20	85⅛	86⅛	0	+0⅞	9.14
EIB 7⅜ 89	12	92	93¼	−0⅛	0	8.90
Finland 5.6 83	10	90	91	+0⅛	+0⅛	8.92
Finland 6.8 88	10	85⅜	86⅜	−0⅛	+0½	8.35

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅛ 86 C$	80	92⅝	93⅜	−0⅛	0	12.31
CIBC 13¼ 85 C$	50	102⅛	102⅝	−0⅛	0	12.79
Cr. Foncier 10¾ 84 C$	30	89⅞	90⅜	−0⅛	+0⅛	13.45
Fst. Can. Inv. 10 84 C$	50	92⅜	93⅛	+0⅞	+1	12.32
Hudson Bay 10½ 89 C$	60	90⅛	90⅝	−0⅛	−0⅛	12.30
Quebec 10½ 86 C$	50	91	93	0	−2	12.22
R. Bk. Canada 10 86 C$	40	90⅛	90⅝	−0⅛	−0⅛	12.33
R. Bk. Canada 10 84 C$	40	88⅛	88⅝	−0⅛	−0⅛	11.71
Tordom Cpn. 13½ 85 C$	30	102⅛	102⅝	−0⅛	−0⅛	12.79
M. Bk. Dnmk. 9 91 EUA	25	94⅜	95⅛	0	+0⅛	9.76
SOFTE 8¾ 89 EUA	40	83½	85	+0⅛	+0⅛	11.12
U. Bk. Nrwy. 9½ 90 EUA	18	97⅛	98⅛	+0⅛	+0⅛	9.88
Algemene Bk. 8¾ 84 Fl	75	97⅝	97⅞	−0⅛	−0⅛	8.91
Ned. Gasunie 8¾ 84 Fl	50	96⅝	96⅞	−0½	−0⅛	9.15
Ned. Middbk. 8¾ 84 Fl	75	95⅝	96⅛	−0⅛	−0⅛	9.56
Norway 8¾ 84 Fl	100	96⅝	97⅛	−0⅛	0	9.20
Norway 8¾ 84 Fl	100	96⅝	97⅛	−0⅛	0	9.09
Philips Lamps 8¾ 84 Fl	75	94⅞	95⅜	+0⅛	−0⅞	9.87
Air France 11 84 FFr	120	95	96	+0⅛	+1	12.38
CECA 14¾ 88 FFr	150	103⅞	104⅞	+0⅛	+0⅛	13.14
Euratom 9¾ 87 FFr	150	84⅛	85⅛	+0⅛	+0⅛	13.21
Finland 11 84 FFr	80	94⅛	95⅛	+0⅛	+0⅛	12.58
Finland 11½ 89 FFr	70	91⅛	92½	+0⅛	+1⅛	12.96
Gaz de France 11 84 FFr	150	95⅛	96⅛	+1⅛	+1⅛	12.13
IBM France 11¾ 84 FFr	120	96⅛	97½	+0⅛	+1⅛	12.69
Renault 9¾ 85 FFr	100	84⅞	85⅞	0	+0⅛	13.84
Saint-Gobain 9¾ 86 FFr	130	84⅛	85	+0⅛	+0⅛	13.87
Solvay et Cie 9¾ 87 FFr	125	81⅛	82⅞	0	+0⅛	13.80
Citicorp O/S 13½ 90 £	50	97⅛	97⅝	+0⅛	+1⅛	13.87
EIB 11½ 91 £	25	87⅛	88⅛	+0⅛	+0⅛	13.63
Finance for Ind. 13 91 £	15	96⅛	97⅛	+0⅛	+1⅛	13.57
Fin. for Ind. 12½ 89 £	30	94⅛	95⅛	+0⅛	+0⅛	13.44
Fin. for Ind. 14½ 88 £	20	101	101½	0	+0⅛	14.19
Gen. Elec. Co. 12½ 89 £	50	94⅛	95⅛	+0⅛	+0⅛	13.43
Swed. Ex. Cr. 15¾ 85 £	20	102⅛	102⅞	−0⅛	+0⅛	14.48
Indonesia 8¾ 91 KD	7	†93	93½	0	0	9.76
Mitsubishi 7½ 84 KD	10	†91⅞	92	−0⅛	−0⅛	10.02
Norges Kom. 7½ 89 KD	12	†93⅛	93⅞	0	0	8.54
Occidental 8¾ 91 KD	7	†90⅛	90⅞	0	0	9.69
Akzo 9¾ 87 LuxFr	500	92	93	−0⅛	−0⅛	10.74
Euratom 8 87 LuxFr	500	87⅛	88⅛	+1⅛	0	10.54
Euratom 9¾ 88 LuxFr	500	98	99	−0½	−0⅛	10.02
EIB 9¾ 88 LuxFr	600	97⅛	98⅛	+0⅛	+0⅛	10.07
Volvo 9¾ 87 LuxFr	500	97⅛	98⅛	+0⅛	−0⅛	10.09

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅛	98⅛	2/7	15¼	15.65
Banco di Roma Int. 6 87	0¼	99⅜	100¼	26/10	15.31	15.33
Bank of Ireland 5¾ 89	‡0¼	97⅛	97⅞	21/5	16¼	16.52
Bank of Tokyo 5¼ 89	‡0⅛	97⅛	98⅛	25/10	16.56	16.90
Barclays O/S Inv. 5 90	0¼	97⅛	97⅞	13/6	14⅛	14.60
Bergen Bk. A/S 6 89	‡0¼	96⅛	97⅛	29/5	17⅛	17.78
Bque. Indo Suez 5¾ 89	0¼	98⅛	99	11/7	14.69	14.87
Citicorp O/S F 6 94	‡0¼	99	99½	8/6	18.81	18.95
Citicorp O/S F. 83	§‡0	99	99½	23/5	16.06	16.18
Citicorp O/S F. 84	‡0	99	99½	30/5	16.94	17.07
C. Itoh 5¾ 87	0¼	101	101½	18/9	19.44	19.20
Co-operative Bk. 6 86	0¼	97⅛	97⅝	15/11	11.44	11.72
Creditanstalt 5½ 91	§‡0¼	98½	99	14/6	18.44	18.67
CNT 5¾ 86	§0¼	100⅛	101⅛	16/10	18⅛	17.92
GZB 5½ 89	0¼	98⅛	99⅛	1/8	15⅛	15.42
Jugobanka 8 89	0¼	90⅛	91⅛	23/6	16	17.53
Ind. Bank Japan 5¾ 87	0¼	100⅛	101⅛	15/10	18⅛	18.66
LTCB Japan 5¼ 88	0¼	98	98½	13/8	14⅛	14.50
LTCB Japan 5½ 99	0¼	97⅛	97⅞	7/8	14.19	14.55
Mfrs. Han. O/S 5¾ 94	‡0⅛	98⅛	98⅞	30/5	17⅛	17.39
Midland Intl. Fin. 5 89	0¼	99⅛	99⅞	20/6	15	15.09
Nacional Fin. 5¾ 86	0¼	98⅛	98⅞	25/7	14.69	14.91
Nat West 5¾ 94	§0¼	101⅛	101⅞	11/10	18⅛	18.33
Nippon Credit 6¼ 86	0¼	97⅛	98⅛	12/7	14.44	14.75
Nippon Credit 5¾ 87	0¼	97⅛	98	6/8	14⅛	14.71
Royal Bk. Scot. 5¼ 94	§‡0¼	99⅛	99⅛	11/7	19⅛	19.60
Soc. C. de Bque. 6½ 87	0¼	101⅛	102⅛	3/10	20.06	19.89
Sogenal 5¾ 89	§0¼	97⅛	98⅛	13/7	14.44	14.71
Standard Chart. 5¼ 90	0¼	100⅛	100⅞	8/9	17⅛	17.16
Sweden 8¾ 91	0¼	97⅛	98⅛	18/10	18⅛	18.91
TVO Pwr. 9 91 (D-lock)	0⅛	96⅛	98⅛	24/6	15.31	15.67
Williams & Glyn 5¾ 91	0¼	99⅛	100⅛	14/6	18⅛	18.48
Bq. E. d'Alg. 4¾ 89 SF	0⅛	86	86⅛	18/6	6.69	7.75

Average price changes On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†112	113	−7	−7.39
Ajinomoto 7½ 95	2/80	818	95⅛	96⅛	−0⅛	−3.64
Alco Int. Fin. 9½ 94	1/80	40	90⅛	91⅛	−3⅛	20.81
Asahi Optical 7 94	11/79	605	94⅛	95⅛	−0⅛	12.86
Canon 6¾ 94	8/79	570	103⅛	104⅛	+0⅛	−0.21
Credit Suisse 4¾ 93	10/79	1325	100	101⅛	−1⅛	3.90
Daiei Inc. 6½ 94	11/79	1020	94	94⅛	−1⅛	35.98
DDKK 11 90	4/80	324	108⅛	108⅛	−0⅛	2.65
Dynalectron 9½ 95	8/80	12.20	97	98⅛	0	3.00
Ensorch Fin. 9½ 94	7/80	30.25	102⅛	103⅛	+0⅛	11.78
LPC Internatnl. 8 89	9/79	23.33	†93⅛	95	0	28.94
Meidensha Elec 7 94	12/79	210	94⅛	95⅛	−0⅛	−10.60
Mitsubishi Cp. 6½ 94	10/79	604	120	121⅛	−0⅛	9.37
Nippon Seiko 7¾ 94	12/79	339	†105	106	0	8.54
Nitto Elec. Ind 6 94	7/79	736	73⅛	74⅛	−2	9.92
Toshiba Cpn. 7¾ 94	10/79	188	95	95⅛	−0⅛	−2.87
Union Bk. Switz. 5 88	2/80	125	94	95⅛	−0⅛	3.13
Fujitsu 5 84 DM	7/79	475	101	101⅛	−0⅛	11.26
Kansai Elec. 4 84 DM	4/79	1734	86⅛	87⅛	−0⅛	44.21
Tokyu Ld. Co. 4 86 DM	4/79	493	77⅛	78⅛	+0⅛	42.42
Uny Co. 6½ 85 DM	11/79	1071	93⅛	93⅛	−0⅛	46.14

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. *Prem*=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأصل

INTERNATIONAL COMPANIES and FINANCE

BORROWER PROFILE — ZAIRE

Creditors at the end of their tether

BY MICHAEL HOLMAN, RECENTLY IN KINSHASA

ZAIRE'S $58m payment last month of the first instalment of rescheduled commercial bank debt totalling $434m has been greeted by most Western economists in Kinshasa with the scepticism of a probation officer in charge of a hardened recidivist.

For some five years Zaire's tangled external financial obligations have been the despair of private banks and governments. They have been caught up in the old dilemma of a moneylender whose client is patently unable to pay up: should he be tided over the bad times or should be be written off?

Lenders have adopted the former approach with Zaire, though their patience has been sorely tried during a series of unsuccessful attempts to put Zaire's financial affairs in order. Thus as of June 30, 1979, according to the authoritative report prepared by Lazard Frére, Kuhn Loeb Brothers and S. G. Warburg for the bank of Zaire, the country's external public debt, disbursed and outstanding, was $3.65bn (since risen to an estimated $4bn). The debt service ratio for 1980 is estimated at 26 per cent—but this excludes payments of arrears, amounting to nearly $1.1bn. External debt as a percentage of gross domestic product, says the report, had risen from 32 per cent at the end of 1972 to "well over" 100 per cent in mid-1979.

It was in late 1975 that Zaire had to start negotiations to reschedule unmanageable external debts. The combination of low copper prices (copper and cobalt provide nearly three-quarters of export earnings) and a corrupt economy reeling under the effects of a disastrous nationalisation programme in 1973-74 left Zaire unable to meet its commitments. Between 1973 and 1975 Zaire borrowed some $2.6bn, mostly from private sources.

Last year Zaire and its creditors tried yet again. In early November tentative agreement was reached with the agent banks of syndicated credits on the rescheduling of the entire uninsured debt (including principal and interest in arrears) owed to private banks. It called for a substantial downpayment in 1980, small annual payments during 1981-84, and liquidation of the rest during 1995-99.

It was this agreement which was formally signed in Paris last month by Mr. Namwisi Ma Koyi, Zaire's finance minister, and representatives of 122 commercial banks which had participated in 22 syndicated Euromarket loans. The bank debt has been extended for 10 years with interest set at $1\frac{7}{8}$ percentage points over the London interbank offered rate for the first five years and two points over for the remaining five. The $58m payment by the Bank of Zaire at the end of last month represents interest arreas and 10 per cent of the arrears on payments of principal.

The other round of negotiations last year involved the Paris Club and on December 11 the club agreed to reschedule $1.3bn of Zaires debt, comprising arrears (including those on already rescheduled debt and insured short-term commercial credits) and maturities coming due during the period July 1, 1979, to December 31, 1980.

For some five years Zaire's tangled external financial obligations have been the despair of both private banks and Governments

However, a major condition is attached to the agreement. It is conditional on Zaire's satisfaotcry performance in terms of a stabilisation programme which was the basis of an agreement with the International Monetary Fund (IMF) in August last year involving a standby facility of SDr 118m and a trust fund loan of SDr 50m.

By January this year Zaire had purchased SDr 20m under the stand-by facility and received trust fund disbursements of SDr 34.2m. But the programme had run into difficulties. The 1979 budget deficit turned out to be a huge Zaires 561m ($280m) soaring over the Zaires 350m limit set by the IMF. An IMF mission visited Kinshasa in January to review performance and set new criteria for 1980. Meanwhile, further drawings have been suspended.

Sceptics in Kinshasa were not surprised, and point to past stabilisation failures. In 1976 a one-year programme accompanied by an IMF standby facility included a budget deficit target of Zaires 60m. The actual 1976 deficit was Zaires 302m. In 1977 a second stabilisation programme, also with an IMF standby facility, set a target of Zaires 273m.

Will Zaire yet again prove unable to meet the terms of rescheduled bank and Paris Club debts? The first point made by economists here is that the debt service ration anticipated in 1980 is double the level recorded in recent years. Commitments are between $440m and $470m — equivalent to about 23 per cent of exports. Without rescheduling, payments due would have been about $540m.

What then has changed in Zaire's political and economic circumstances which would suggest the Government is capable of meeting the target? Very little to most observers in Kinshasa.

The array of expatriates who in theory control Zaire's finances are not as effective as might appead on paper. The IMF nominated representative at the Bank of Zaire, Mr. Erwin Blumenthal, left in July last year — "slamming the door behind him with a loud bang," commented one diplomat. The diplomat added that the German banker was dismayed by the lack of progress since his arrival a year earlier.

Mr. Ismail Battuck, from Turkey, has been an adviser in the Ministry of Finance since May 1979 but his aides arrived only recently. Not until April this year did the Belgian customs start functioning and it remains to be seen whether they can plug the massive leaks in export earnings caused by the smuggling of coffee (estimated to be as much as the officially recorded crop, which in 1979 was 70,000 tons), industrial diamonds and gold, and the false invoicing of exports and imports.

Local businessmen who need to circumvent the law are almost contemptuous of these and other measures, confident that barriers can be surmounted in a country in which corruption is endemic. Few economists here will be surprised if these and other problems force Zaire an its creditors into yet another round of rescheduling negotiations.

Kaufhof increases sales strongly in first four months

BY KEVIN DONE IN FRANKFURT

KAUFHOF, West Germany's second largest retail stores group, has made a strong start to 1980 with an increase in sales of 11.7 per cent to DM 2.48bn ($1.38bn) for the first four months.

According to Herr Friedrich Roesch, a member of the Raufhof executive board, the company is also looking confidently at the prospects for the rest of the year, chiefly because the steep rise in energy costs has not yet affected retail sales as had been feared.

Strong signs are appearing, however, that such optimism could be misplaced, as the rate of sales expansion in the retail sector generally slowed significantly in March and April after being unexpectedly strong in the first two months of the year.

Fears are being voiced by major West German retailers about the sector's falling profitability and Kaufhof suffered particularly in this respect last year. Pre-tax profits fell by 18.4 per cent to DM 122.9m and after-tax profits declined by 27.8 per cent to DM 39.3m. As a result, Kaufhof reduced its dividend from DM 8 to DM 6 per share.

Last year's results were depressed particularly by two main factors. Kaufhof staged its 100-year jubilee celebration in the early autumn of 1979 and the wide range of special offers it made cut into profitability.

Turnover rose last year by 8.2 per cent to DM 7.9bn for the whole Kaufhof group, while the Kaufhof department stores increased sales by 7 per cent to DM 5.99bn. The slow start to 1979 was offset by the special jubilee sales campaign in the autumn and the Kauhof stores boosted sales in the second half by fully 14 per cent.

Last year's profit was also depressed b ythe surprisingly high level of investment in 1979, which at DM 198.4m was up by 60 per cent over 1978 and reached the highest point since 1976.

The high investment was caused by the concentration of store openings in various towns including the setting up of new department stores in Munich, Hamburg and Ludwigshafen. The group's total floor space increased by 4 per cent last year to 989,100 sq metres

The need for investment in new floor space will fall sharply this year with no new stores planned, but Kaufhof is spending around DM 130m in order to break into mail order.

It has bought a 76 per cent interest in the Friedrich Wenz mail order group, which last year had sales of some DM 400m. The Friedrich Wenz group was a family-owned company founded in 1925, and was one of the few small mail order groups that was still outside the control of the large concerns. The mail order business in the Federal Republic is dominated by Quelle, Otto and Neckermann.

Kaufhof's own sales growth of some 11. 7per cent in the first four months of 1980 must be seen against an expansion of general retail sales in the Federal Republic of some 8.5 per cent in the first three months and of a rise in large retail store sales of 8 per cent in the first three months and of 6 per cent in the first four months.

Margins squeezed at Ericsson

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

THE TOUGHNESS of the competition in world telecommunications is sharply reflected in the 1979 shareholders' report from L. M. Ericsson. The Swedish group's profit margin declined by 1.8 per cent during the year, as the rise in manufacturing costs outstripped sales advances by 19 per cent against 15 per cent in 1978.

But Ericsson's computerised telephone system continued to glean orders, especially in South America, and has steadily increased its market share since 1975. By the end of the year 218 AXE exchanges had been ordered by 21 countries.

The new ASB electronic subscriber switchboards are now being marketed on a large scale and accounted for 40 per cent of the parent company's order intake for subscriber equipment last year.

The management sees in this switch from electro-mechanical to electronic equipment a "potential for cost reductions" which can improve profitability in spite of the stiff competition.

As reported earlier Ericsson turned in pre-tax earnings of SKr 786m ($186.2m) for 1979, a rise of SKr 88m, after consolidated sales had climbed by 15 per cent to SKr 9.33bn. The board proposes to raise the dividend by SKr 1.50 to SKr 7 a share, although adjusted net earnings slipped from SKr 18.35 to SKr 17.15 a share.

The 1979 operating profit at SKR 740m was down by SKR 42m after depreciation had been increased by SKR 50m. Income from licences at SKR 110m was SKR 25m higher

The improvement in the pre-tax result is mainly due to a reduction in reported net financial costs from SKR 252m to SKR 83m. This in turn arises from the fact that in 1978 Ericsson included an extraordinary loss of SKR 112m from exchange fluctuations in its financial costs after it had paid back some long-term loans in advance.

The 1979 report notes that by refinancing, mostly in U.S. dollars and Saudi rials, the parent company has substantially reduced its debt exposure in Swiss francs. The consolidated financial analysis shows that in 1979 the group covered practically all its financial requirements from internal sources.

After increasing allocations to the inventory and investment reserves Ericsson shows a net profit for 1979 of SKR 198m against SKR 300m for 1978. With reservations for the uncertainties of cost and exchange rate developments the Swedish group expects a "positive" movement in pre-tax earnings this year.

Maffei sales turnover fall

By Jonathan Carr in Bonn

MUNCH-BASED engineering and armaments group Krauss-Maffei, expects overall turnover to fall this year because of a reduction in defence contract sales.

As a result particularly of deliveries of anti-aircraft tanks, parent company sales in 1979 rose from DM 1.72bn to DM 1.98bn.

Swedish builder expects higher 1980 earnings

BY VICTOR KAYFETZ IN STOCKHOLM

SWEDISH CONSTRUCTION group, ABV, formerly Balken, writes in the annual report that although a specific forecast for 1980 earnings is difficult "much would indicate that they can be expected to exceed somewhat those of 1979."

Last year's consolidated pre-tax profit was SKr 76m ($18m) on turnover of SKr 4.24bn. The proposed SKr 7 per share dividend, up from adjusted SKr 5, will cost the group SKr 6m. The Board recommends a one-for-three bonus issue.

Fiat pulls out of Seat deal

BY RUPERT CORNWELL IN ROME

FIAT, THE Italian car group, is understood to have decided not to take part in the forthcoming capital increase of its associate, Seat, which would have paved the way for it to take outright control of the Spanish car maker.

News of Fiat's move was given in Spain by top officials of INI, the State holding company which with the Italian group is a major shareholder in Seat. Fiat refused official comment on these reports but an announcement from Turin is expected shortly.

Fiat's share of the projected Pta 6bn ($83m) capital increase by Seat would have represented a capital injection of Pta 2.8bn in line with its present holding of 41 per cent of the Spanish company.

Under an agreement last year, Fiat was due to lift this stake to 81 per cent by buying out INI's interests.

Now, however, the decisive element which appears to have tipped the scales for Fiat seems to have been the huge financial burden it already faces over Seat, whose 1979 loss has been estimated at over $180m. The Italian group, meanwhile, is itself suffering from a sharp drop in foreign sales. This has forced Fiat to lay off 78,000 of its Italian work force for a week this summer to reduce stocks.

● Piaggio, the leading European motorcycle and scooter manufacturer, last night reported net profits of L5.5bn ($6.5m) last year, well down on its earnings for the previous year. Sales totalled L364bn ($428m) while investments reached L44bn.

Greek cement group makes recovery

By Our Financial Staff

HERACLES, the Greek cement group, has emerged from 1979 with an impressive recovery in profits which at the net level are almost 58 per cent higher at Dr 550m ($12.8m).

Cement deliveries rose by around 7 per cent to 4.79m tons. The company's share of the home market improved but most of the increased output went overseas where margins are higher.

At home, price rises allowed trading to improve but Heracles complains that domestic returns on cement remain way below those available outside Greece.

Turnover in cement rose by 28 per cent to Dr 7.8bn, while sales for the group as a whole —which takes in shipping and engineering — moved up by a similar percentage to Dr 10.1bn.

A dividend of Dr 120 a share is to be paid compared with Dr 85 in 1978.

Lucas Bols forecasts a further good year

BY CHARLES BATCHELOR IN AMSTERDAM

LUCAS BOLS, the Dutch distilling and drinks group, expects another good year in 1980 after reporting a sharp improvement last year. In the Netherlands, however, a "price war" in the industry is putting pressure on margins.

Net profit rose 47 per cent in 1979 to Fl 45.4m ($23m) on turnover which was 12 per cent higher at Fl 806m. Volume sales rose by 16 per cent, though an increase in duty-free sales slowed the rate of cash growth.

Profit per share rose to Fl 10.13 from Fl 6.87 after allowing for an increase in capital. The return on assets improved to 20.7 per cent from 16.4 per cent. A total dividend of Fl 4, compared with Fl 3.86, is to be paid.

Optimism for this year is based on sales forecasts and on the expectation that productivity will improve, Bols says in its annual report. A 20 per cent increase in the level of excise duty on drinks in the Netherlands in January prompted a sharp rise in sales at the end of last year and is expected to depress sales in 1980.

Bols increased its share of the Dutch market in 1979, though the intense price competition meant profits did not keep pace with sales. The Dutch operations contributed only 20 per cent to operating profits, though they account for more like 50 per cent of the company's working capital.

The company's operations in Europe generally improved, though Brazil and Argentina made losses.

Bond steps up battle for White

BY JAMES FORTH IN SYDNEY

THE SPECTACULAR battle for control of White Industries, the New South Wales coal group, continued yesterday with an increased bid from Endeavour Resources, a member of the group of companies associated with Mr. Alan Bond, the Western Australian businessman.

Endeavour, which already holds 43.56 per cent of White, announced that it proposed to lift its partial offer for another 7.5 per cent—to give it 51 per cent of the capital—from A$18.00 a share to A$20.00. This is in reply to the weekend announcement by the Japanese group Mitsubishi Development, the wholly-owned subsidiary of Mitsubishi Corporation, that it intended to make a partial offer at A$18.25, just above the earlier Endeavour offer price.

Mitsubishi, which is friendly to the White Board, already holds 15.36 per cent of White and has Foreign Investment Review Board approval to lift its stake to 25 per cent. The White Board claims to control 53 per cent of White's capital, but this is disputed by the Bond group, which is seeking control through the Endeavour offer. Endeavour has started a legal action in the NSW Equity Court, seeking to cancel a recent issue of 4.5 per cent of White's capital to a staff share scheme.

Mitsubishi's counter bid is an attempt to ensure that the Bond group cannot succeede in its efforts to gain control. The latest Endeavour price values White at almost A$180m (U.S.$200m), but the contestants are now fighting over marginal, but strategically vital, holdings. Endeavour, for example, paid only A$45.9m for its 43.5 per cent holding.

Both Mitsubishi and Endeavour want to stand in the share market and purchase any White shares available. However, the Sydney Stock Exchange suspended trading in White shares last week, when Endeavour announced its proposed bid, because of insufficient details. The Melbourne Exchange subsequently suspended trading in Endeavour. Neither of these suspensions has yet been lifted, but suspension of trading in two other bond companies, Basin Oil and Reef Oil, was lifted last Friday.

Basin and Reef were suspended after a reshuffle of the Bonds group's corporate structure which resulted in Bond corporation "acquiring" more than 20 per cent of each company. Bond corporation subsequently agreed to a stock exchange requirement that it stand in the marke for one month and take all shares offered at the "purchase price" involved in the reshuffle.

ANZ Bank consolidates profit lead at halfway

By James Forth in Sydney

ANZ BANKING GROUP pulled further ahead of its larger rival, the Bank of New South Wales, in the March half-year as the biggest profit-spinner among the private trading banks. The ANZ boosted its earnings by 32.4 per cent, from A$49.7m to A$65.87m (U.S.$74.3m). The result compares with a profit of A$61.5m in the March half by the Wales, Australia's largest private bank in terms of assets.

The ANZ toppled the Wales last year as the biggest earner when its profit of A$107.1m just topped the Wales' A$106.8m. The ANZ has raised its interim dividend from 10 cents a share to 12 cents, which is in line with the final payment last year, and indicates an increase in the annual payout from 22 cets to 24 cents. This would represent the third successive dividend increase in 1977-78, the ANZ paid 20 cents a share. In contrast, the Wales this year declared an unchanged basic interim dividend of 8 cents a share, but omitted a 2 cents a share bonus element added last year because of a strong first-half profit.

ANZ directors attributed the better result to a general increase in business volumes, higher overseas exchange earnings, greater recoveries of costs through fees and commissions, continued cost control, and increased profitability in the finance company subsidiaries.

They cautioned that operating conditions were expected to be less favourable in the second half, and said that it "may not be easy" to maintain the same level of profitability. The result included for the first timethe full results from the Bank of Adelaide, which was forced last year to merge because of property-related liquidity difficulties encountered by its finance company offshoot, Finance Corporation of Australia.

OHIRA DEFEAT

Investors take the blow

BY RICHARD C. HANSON IN TOKYO

TOKYO STOCK prices yesterday took their third largest fall this year in the first session since Prime Minister Ohira's Government failed to win a confidence vote late on Friday. But disagreement between party leaders and the prospect of the unprecedented election of both the Lower and Upper houses of the Diet (Parliament) on the same day next month, apparently have not shattered investor confidence.

The closely-watched Nikkei Dow Index (of 225 leading stocks) suffered a Y98.67 setback on the day, to Y6,634.33. The loss, however, was about Y80 less than that represented by the low for the day. Some securities industry analysts, at the same time, are discounting the political effect on the market. Those who take this view call the drop part of a logical adjustment to the recent high levels of margin trading.

The stock market has been supported in recent weeks by a return of foreign share buying. Net buying from overseas rose to about Y30bn in April, from only Y1bn in March. This tends to encourage buying by local investors. The latest trends in U.S. interest rates, and some evidence that domestic inflation might not be as bad as once feared, have reduced the chances of the authorities further tightening credit in Japan and so squeezing earnings.

The outlook therefore for the Japanese economy and for profits is bright at least for the next few months indeed. Industrial production in the January-March quarter expanded by about 5 per cent, while wholesale prices in early May showed the first signs of easing from the 20 per cent plus growth levels reached since February. The moderate, 6-7 per cent wage increases which unions recently accepted are expected to help keep inflation in check.

The market also has to take into account the political make-up of the Government. A coalition between the more conservative opposition parties and the ruling Liberal Democrats could emerge if the LDP loses badly. The sentiment in the market, however is that the LDP (though split internally) should fare better than the opposition, in part because it has stronger resources going into the hastily called vote.

Securities companies like to argue that the market will remain bullish (after some consolidation losses simply because the demand for stocks is greater than the supply. One company estimates that new share issues this year by companies trying to raise funds will reach Y960bn ($4.2bn). This compares, they say, with potential demand in the market of over Y3,000bn.

Hong Leong Finance well ahead

SINGAPORE — Hong Leong Finance, of Singapore, achieved a 29.7 per cent gain in group pre-tax profit in the year to December 31 to S$12.7m (US$ 5.9m).

Profit before tax and including extraordinary items rose by 57.4 per cent to S$14.9m, but the company noted that the figure was not directly comparable with the prior year's figure, because of the acquisition of Singapore Finance in February, 1979.

The company has recommended a first and final dividend of 12 cents a share, unchanged from a year earlier, on the enlarged paid-up capital of S$40.4m. The paid-up capital was increased by a three-for-four rights issue made in conjunction with the acquisition of Singapore Finance. The result is a 75 per cent increase in the amount of dividend paid.

Hong Leong Finance, Singapore's largest publicly quoted non-bank financial concern, saw after-tax net rise 74.4 per cent to S$9.8m. Total assets gained 74.4 per cent to S$501.9m, and total deposits 71.4 per cent to S$374.2m, while loans outstanding nearly doubled to S$376.4m.

Under extraordinary items, the company posted a profit of S$2.2m in 1979, the result of a previously announced sale of land formerly belonging to Singapore Finance. Gross receipts from the sale were S$6.6m.

In 1978, the company suffered an extraordinary loss of S$300,000, on expenses incurred in the takeover of Singapore Finance, Hong Leong Finance said.

AP-DJ

Share sales by Haw Par

SINGAPORE — Haw Par Brothers International has announced that it recently sold large blocks of Singapore Land and Cheung Kong (Holdings) of Hong Kong, making an extraordinary profit of S$6.4m (US$3m) on Singapore Land and S$6.7m on Cheung Kong.

Haw Par said it bought 3m shares of Singapore Land (abou, 3.9 per cent of the issued capital) in the market in late 1979 as a long-term investment, at a total cos of S$6.4m. Following he rise in he share price, Haw Par decided o sell in he marke, for S$12.8m.

As a resul of a one-for-five scrip issue by Cheung Kong in May 1979, Haw Par's holdings in the Hong Kong-based property concern rose to 6m shares. Haw Par said it has sold 700,000 of the newly acquired shares in the market for S$8.3m.

The profits are to be used to reduce short-term borrowings pending reinvestment.

AP-DJ

CURRENCIES, MONEY and GOLD

£ & $ steady

TRADING WAS rather subdued in currency markets yesterday with little in the way of fresh factors to influence trading. The dollar showed a slightly firmer tendency in places after a rather weak start, with movements generally dictated by interest rates, which in turn showed little movement. During the afternoon the dollar recovered its early losses despite further cuts in prime rates to 16 per cent. With trading on the thin side, little trading was required to push the dollar firmer, and any possible intervention by the Federal Reserve Bank was difficult to detect.

Against the D-mark the U.S. unit closed at DM 1.8015 after a low point of DM 1.7950, and compared with DM 1.7940 on Friday. Similarly in terms of the Swiss franc, it finished at SwFr 1.6740 after a low of SwFr 1.6680 and Friday's close of SwFr 1.6680.

The yen was fairly steady after last week's fall of the Japanese government, and the dollar closed at Y228.50 compared with Y229.5 previously. On Bank of England figures, the dollar's trade weighted index was unchanged at 85.5.

Sterling was slightly firmer overall and its trade weighted index improved 0.1 to 73.2, having stood at 73.1 at noon and in the morning. Against the dollar it opened at $2.2775-2.2785 which was its lowest point of the day. By noon it had improved to $2.2850 as the dollar weakened, and touched a best level of $2.2885 durin gthe afternoon. By the close however the dollar recovered and sterling closed at $2.2830-2.2840, a fall of just five points from Friday.

D-MARK—Showing renewed strength against the dollar and within the European Monetary System, following firmer rates in Frankfurt and lower U.S. interest rates—There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt, when the dollar was fixed at DM 1.7988, only slightly lower than Friday's level of DM 1.7996. Higher Euro-dollar rates tended to underpin the U.S. unit in early dealings but as they eased back so the dollar came on offer. From an opening level of DM 1.8050, the dollar slipped to DM 1.7950 just before the fixing.

BELGIAN FRANC—No longer weakest member of EMS being helped by record interest rates earlier this year. Slightly easier recently, reflecting a small fall in interest rates—The Belgian franc was generally firmer against its EMS partners at the Brussels fixing yesterday, and also improved against sterling, while losing slightly to the U.S. dollar. The U.S. unit rose to BFr 28.86 from Br 28.855 while sterling slipped to BFr 65.9475 from BFr 65.9625. The D-mark was lower at BFr 16.055 against BFr 16.10, and the French franc eased to BFr 6.8815 from BFr 6.8825.

JAPANESE YEN—Energy and balance of payments problems reflected in sharp decline last year. Although the situation over oil supplies remains uncertain, easier U.S. interest rates have helped the yen decover—The dollar closed at Y229.15 in Tokyo yesterday, higher than Friday's close of Y227.40, but down from an opening level of Y229.50 and Friday's close in New York of Y229.65. The yen was not as badly affected as had been anticipated by the fall of the Japanese Government, with som dealers pointing out that the present ruling Democratic party were likely to win the election and that Government policy would therefore be little changed.

THE POUND SPOT AND FORWARD

May 19	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2775-2.2885	2.2830-2.2840	1.45-1.35c pm	7.36	3.30-3.20 pm	5.69
Canada	2.6725-2.6900	2.6825-2.6835	0.90-0.80c pm	3.80	2.90-2.80 pm	4.25
Nethlnd.	4.50-4.54	4.51½-4.52½	3-2c pm	6.64	7-6 pm	5.75
Belgium	65.70-66.10	65.90-66.00	15-5c pm	1.82	35-25 pm	1.82
Denmark	12.81-12.85½	12.84½-12.85½	1-2½ore dis	−1.63	2⅞-4⅜ dis	−1.09
Ireland	1.1030-1.1080	1.1065-1.1075	0.05p pm-par	0.27	0.20-0.15 pm	0.63
W. Ger.	4.09-4.13	4.11-4.12	3⅛-2⅝pf pm	8.38	8⅜-7⅜ pm	7.41
Portugal	112.20-113.20	112.80-113.00	4-33c dis	−1.59	5-110 dis	−2.04
Spain	162.55-163.10	162.75-162.85	7-55c dis	−2.28	55-145 dis	−2.21
Italy	1,927-1,936	1,934½-1,935½	2¼-½lire pm	0.11	¼pm-1¼ dis	−0.01
Norway	11.24-11.29	11.25½-11.26½	3⅜-1⅞ore pm	2.93	13¾-11¾ pm	4.44
France	9.56-9.62	9.59-9.60	4⅛-3⅜c pm	4.85	10⅝-9⅝ pm	4.27
Sweden	9.65-9.69	9.66-9.67	2⅞-2⅜ore pm	3.18	7⅜-6½ pm	2.87
Japan	520-528	522-523	2.15-1.80y pm	4.54	5.95-5.80 pm	4.42
Austria	29.22-29.35	29.25-29.30	19-17gro pm	7.38	55-47 pm	6.97
Switz.	3.80-3.83½	3.82-3.83	4⅛-3⅛c pm	11.37	10-9 pm	9.93

Belgian rate is for convertible francs. Financial franc 67.25-67.35. Six-month forward dollar 4.87-4.77c pm. 12-month 7.00-6.85c pm.

THE DOLLAR SPOT AND FORWARD

May 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2775-2.2885	2.2830-2.2840	1.45-1.35c pm	7.38	3.30-3.20 pm	5.69
Ireland†	2.0625-2.0665	2.0625-2.0635	1.37-1.27c pm	7.68	3.52-3.32 pm	6.63
Canada	1.1723-1.1764	1.1746-1.1749	0.25-0.30c dis	−2.81	0.40-0.45dis	−1.45
Nethlnd.	1.9760-1.9790	1.9765-1.9780	par-0.10c dis	−0.30	0.24-0.14 pm	0.38
Belgium	28.84½-28.89	28.87-28.89	12-15c dis	−5.61	28-33 dis	−4.22
Denmark	5.6205-5.6245	5.6205-5.6220	4.00-4.50ore dis	−9.07	9.75-10.25dis	−7.11
W. Ger.	1.7950-1.8070	1.8010-1.8020	0.22-0.12pf pm	1.13	0.85-0.75 pm	1.78
Portugal	49.33-49.57	49.33-49.43	28-43c dis	−8.63	75-115 dis	−7.69
Spain	71.30-71.40	71.30-71.35	40-60c dis	−8.41	135-170 dis	−8.55
Italy	845.00-848.20	845.80-846.10	4½-5½lire dis	−7.09	12½-14 dis	−6.26
Norway	4.9290-4.9325	4.9300-4.9315	1.40-1.90ore dis	−4.01	1.80-2.30dis	−1.66
France	4.1950-4.2020	4.2000-4.2020	0.75-0.85c dis	−2.28	1.60-1.80dis	−1.62
Sweden	4.2300-4.2350	4.2310-4.2320	1.30-1.45ore dis	−3.90	3.10-3.25dis	−3.00
Japan	228.20-229.80	228.45-228.55	0.48-0.60y dis	−2.62	0.60-0.80dis	−1.22
Austria	12.82-12.83¾	12.82-12.83	0.90-0.20gro pm	0.51	5.00-2.50 pm	1.17
Switz.	1.6680-1.6795	1.6735-1.6745	0.75-0.65c pm	5.02	2.25-2.15 pm	5.28

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

May 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.569042	0.611144
U.S. $	13	1.30174	1.39524
Canadian $	13.34	1.52746	1.64276
Austria Sch.	6¾	16.7182	17.9009
Belgian F.	14	Unavail.	40.2387
Danish K	13	7.32354	7.84614
D'Mark	7½	2.34261	2.50990
Guilder	10	2.57745	2.76048
French Fr.	9½	5.47382	5.86559
Lira	15	1101.50	1180.72
Yen	9	295.886	321.812
Norwgn. Kr.	9	5.41497	6.87605
Spanish Pts.	8	92.7724	99.4388
Swedish Kr.	10	5.51703	5.90047
Swiss Fr.	3	2.17976	2.33354

CURRENCY MOVEMENTS

May 19	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.2	−32.6
U.S. dollar	85.5	−7.8
Canadian dollar	80.4	−17.7
Austrian schilling	155.5	+24.2
Belgian franc	115.4	+14.2
Danish kroner	105.5	−4.5
Deutsche mark	154.6	+44.4
Swiss franc	196.2	+78.5
Guilder	128.1	+19.4
French franc	100.7	−5.1
Lira	55.4	−50.7
Yen	124.8	+23.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

May 19	£	$		£ Note Rates
Argentina Peso	4116-4136	1799-1805	Austria	29.10-29.40
Australia Dollar	2.0220-2.0260	0.8855-0.8860	Belgium	65.70-67.30
Brazil Cruzeiro	113.94-114.94	49.935-50.135	Denmark	12.76-12.84
Finland Markka	8.44-8.45	3.6970-3.6990	France	9.54-9.60
Greek Drachma	97.861-100.143	42.80-43.10	Germany	4.09½-4.12
Hong Kong Dollar	11.21-11.23	4.9065-4.9095	Italy	1922-1942
Iran Rial	n/a	n/a	Japan	522-527
Kuwait Dinar(KD)	0.611-0.621	0.2700-0.2701	Netherlands	4.49-4.52½
Luxembourg Frc.	65.90-66.00	28.87-28.89	Norway	11.20-11.28
Malaysia Dollar	4.9850-4.9950	2.1815-2.1835	Portugal	108-114
New Zealand Dlr.	2.3385-2.3435	1.0240-1.0250	Spain	157½-165
Saudi Arab. Riyal	7.55-7.65	3.3290-3.3310	Sweden	9.62-9.68
Singapore Dollar	4.9340-4.9440	2.1590-2.1610	Switzerland	3.80-3.85
Sth. African Rand	1.8050-1.8060	0.7905-0.7910	United States	2.279-2.288
U A.E. Dirham	8.44-8.54	3.7205-3.7235	Yugoslavia	46-49

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2741	+1.22	+0.44	±1.53
Danish Krone	7.72336	7.85084	+1.65	+0.87	±1.64
German D-Mark	2.48208	2.51006	+1.13	+0.35	±1.125
French Franc	5.84700	5.86333	+0.28	−0.50	±1.3557
Dutch Guilder	2.74362	2.75904	+0.56	−0.22	±1.512
Irish Punt	0.668201	0.675963	+1.16	+0.38	±1.668
Italian Lira	1157.79	1181.33	+2.03	+1.76	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

May 19	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.284	4.115	522.5	9.595	3.825	4.520	1935.	2.683	65.95
U.S. Dollar	0.438	1.	1.802	228.8	4.202	1.675	1.979	847.4	1.175	28.88
Deutschemark	0.243	0.555	1.	127.0	2.332	0.930	1.098	470.2	0.652	16.03
Japanese Yen 1,000	1.914	4.370	7.876	1000.	18.36	7.321	8.651	3703.	5.135	126.2
French Franc 10	1.042	2.380	4.289	544.6	10.	3.986	4.711	2017.	2.796	68.73
Swiss Franc	0.261	0.597	1.076	136.6	2.508	1.	1.182	505.9	0.701	17.24
Dutch Guilder	0.221	0.505	0.910	115.6	2.123	0.846	1.	428.1	0.594	14.59
Italian Lira, 1,000	0.517	1.180	2.127	270.0	4.959	1.977	2.336	1000.	1.387	34.08
Canadian Dollar	0.373	0.851	1.534	194.7	3.576	1.426	1.685	721.2	1.	24.58
Belgian Franc 100	1.516	3.462	6.240	792.3	14.55	5.800	6.854	2934.	4.068	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 10.80-10.90 per cent; three-months 11.05-11.15 per cent; six months 11.00-11.10 per cent; one year 10.90-11.00 per cent.

May 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	—	9½-9¾	13½-14½	10¾-11	5¼-5½	9⅛-9¼	12⅝-12⅞	13-15	10-10⅛	11¾-12¼
7 days' notice	15⅞-17⅛	9⅞-10⅛	13½-14½	11-11¼	5-5¼	9⅛-9¼	12⅝-12⅞	14½-17½	10-10⅛	12¼-12½
Month	17⅝-17⅝	10⅝-10⅞	13⅞-14¼	11-11¼	6⅛-6¼	9⅝-9¾	12¾-12⅞	16½-17¼	10⅛-10¼	12¾-12⅞
Three months	17⅛-17¾	11⅜-11⅝	12⅞-13¼	11-11¼	6⅛-6¼	9⅝-9⅞	12⅞-13⅛	16½-17½	11¼-11⅜	12⅝-12¾
Six months	16⅛-16⅝	11⅜-11⅝	12-12⅜	10¾-11	6⅛-5⅞	9½-9⅝	13-13¼	16-17	11½-11⅝	11⅞-12
One year	14¾-15	11¼-11½	11½-11⅞	10¾-11	6-6⅛	8⅞-9	13⅛-13⅜	16½-17½	11⅛-11¼	10⅞-11⅛

Long-term Eurodollar two years 11⅛-11⅜ per cent; three years 11⅛-11⅜ per cent; four years 11⅛-11⅜ per cent; five years 11⅛-11⅜ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Singapore rates cut

The Overseas Chinese Banking Corporation has reduced its Singapore prime lending rate to 11½ per cent from 11¾ per cent, following two cuts in the prime rate of the Development Bank of Singapore during the last two weeks. From yesterday the DBS lowered its prime rate to 11½ per cent from 11¾ per cnt, but most other local banks, including the other two members of the big four, have not made similar moves.

Only one of the non-offshore banks lowered its prime rate last week, following the lead from the Government controlled DBS, when Banca Commerciale Italiana cut its rate to 12¾ per cent from 13 per cent.

On the other hand several offshore banks reduced their prime rates, although Royal Bank of Canada increased it to 12¼ per cent from 12 per cent.

Prime rates for offshore banks are not strictly comparable with full or restricted banks because of limitations placed on the ability of offshore banks to borrow and lend on the local market.

The Overseas Chinese Banking Corporation has also cut the interest rate on fixed deposit rates by ½ per cent, with one-month falling to 9¾ per cent, three- and six-month to 9½ per cent, nine-month to 9¼ per cent, and 12-month to 9 per cent.

Interest on savings was also lowered to 8¼ per cent from 8½ per cent.

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and although the authorities gave small assistance, this may not have been enough to take out the full shortage. The Bank of England bought a small amount of Treasury bills from thed iscount houses and banks, and a small number of local authority bills from the houses, and completed the help by lending a small amount overnight to one or two houses at Mniimum Lending Rates.

Banks brought forward moderate run-down balances, and the market was also faced with the unwinding of repurchase agreements on eligible bank bills and local authority bills.

On the other hand there was a small excess of Government disbursements over revenue payments to the Exchequer.

Discount houses paid 16½-17 per cent for secured call loans. In the interbank market overnight loans opened at 16½-16¾ per cent, and eased to 16½-16¾ per cent at lunch in the afternoon rates increased to around 20-22 per cent at the close.

Rates in the table below are nominal in some cases.

GOLD

Quiet trading

Gold traded very quietly in featureless trading in the London bullion market yesterday, and closed at $512-517, a fall of just $2 an ounce. It opened at the same level and was fixed at $515.10 in the morning and $513.75 in the afternoon. However after the close in London, the metal was quoted, slipping to $508¾-510¾ in New York.

In Paris the 12½ kilo bar was fixed at FFr 72,400 per kilo ($536.79 per ounce) compared with FFr 72,400 (536.79) in the morning and FFr 72,400 ($535.52) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 29,845 per kilo ($516.04 per ounce) against DM 30,025 ($510.00) previously, and closed at $512-517 per ounce compared with $515-520 on Friday.

In Zurich gold finished at $512-$517 against $515-520 previously.

GOLD

	May 19		May 16	
Gold Bullion (fine ounces)				
Close	$512-517	(£224-226½)	$514-519	(£225-227½)
Opening	$512-517	(£224-226½)	$512-517	(£223½-226)
Morning fixing	$515.10	(£225.624)	$516.10	(£225.470)
Afternoon fixing	$513.75	(£225.620)	$516.50	(£226.237)
Gold Coins				
Krugerrand	$526-529	(£230-232)	$530-533	(£232-234)
Mapleleaf	$516-526	(£227-232)	$520-530	(£227½-232½)
New Sovereigns	$130-132	(£56¾-57¾)	$132-133½	(£57¾-58½)
King Sovs	$154-158	(£67½-70)	$154-158	(£67½-69½)
Victoria Sovs	$155-159	(£67¾-70¼)	$156-160	(£68¼-70¼)
French 20s	$138-142		$139-142	
50 pesos Mexico	$640-647		$643-651	
100 Cor. Austria	$507-512		$512-517	
$20 Eagles	$633-637		$633-638	
$10 Eagles	—		—	
$5 Eagles	—		—	

MONEY RATES

NEW YORK

Prime Rate	16-17
Fed. Funds	11-11¾
Treasury Bills (13-week)	9.16
Treasury Bills (26-week)	9.15

GERMANY

Discount Rate	7.5
Overnight Rate	9.70
One month	10.075
Three months	10.20
Six months	9.95

FRANCE

Discount Rate	9.5
Overnight Rate	13
One month	12.75
Three months	12.75
Six months	12.6875

JAPAN

Discount Rate	9.0
Call (Unconditional)	12.625
Bills Discount (three-month)	13.875

LONDON MONEY RATES

May 19 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	16½-22	—	—	—	17¼	16½-17	—	—	—
2 days notice	—	—	17¼-17½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16½-16⅞	17½-17⅝	—	17⅛	17¼-17¾	16½-16⅝	—	—	—
One month	17⅛-17⅛	16⅞-17⅛	17⅛-17½	18¼-18	17⅝	17½-17¾	16¾	15⅞-15⅞	17⅝-17⅛	18
Two months	17⅛-17⅛	16⅞-17⅛	—	17¼-17⅜	17⅝	—	16⅝	16⅛	17⅛-17⅛	17⅝
Three months	17⅛-16⅞	16⅞-17⅛	17-17⅛	17½-17	17⅝	17½-17⅝	16⅛	16⅛-16⅛	16¾-16⅞	17⅛
Six months	16⅛-16	16⅛-16¼	16-16⅛	16⅜-15⅞	16½	16½	—	—	16⅛-15⅞	15⅝
Nine months	16¼-15⅞	15¾-15⅞	—	16¼-15⅞	15¾	15⅝	—	—	—	—
One Year	14⅞-14⅞	14¾-15⅛	15¼-15⅝	15⅝-15⅜	15⅞	15⅜	—	—	—	—
Two years	—	—	15⅛-15⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 15-15⅜ per cent; four years 14⅝-14⅝ per cent; five years 14⅝-14⅝ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅛ per cent; four-month trade bills 16¾ per cent.

Approximate selling rates for one-month Treasury bills 15⅝ per cent; two-months 15⅝-16 per cent; three-months 16⅛-16⅛ per cent. Approximate selling rates for one-month bank bills 17⅛ per cent; two-months 17⅛-17⅛ per cent; three-months 16⅞-16⅞ per cent; one-month trade bills 17¾ per cent; two-months 17⅜ per cent; and three-months 16⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from May 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1427 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on May 19, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	100.0
Albania	Lek	10.10
Algeria	Dinar	8.7630
Andorra	French Franc	9.595
	Spanish Peseta	162.80
Angola	Kwanza	66.232
Antigua (S)	E. Caribbean $	6.17
Argentina	Ar. Peso Free Rate	4,126
Australia (S)	Australian $	2.0240
Austria	Schilling	29.275
Azores	Portug. Escudo	112.90
Bahamas (S)	Ba. Dollar	2.2835
Bahrain (S)	Dinar	0.862
Balearic Isles	Spa. Peseta	161.80
Bangladesh (S)	Taka	34.52
Barbados (S)	Babados $††	4.5670
Belgium	B. Franc	(cm) 65.95 (fn) 67.30
Belize	B $	4.5670
Benin	C.F.A. Franc	479.75
Bermuda (S)	Bda $	2.2835
Bhutan	Indian Rupee	18.05
Bolivia	Bolivian Peso	57.15
Botswana (S)	Pula	1.7960
Brazil	Cruzeiro ‡‡	114.44
Brit. Virgin Isles (S)	U.S. $	2.2835
Brunei (S)	Brunei $	4.9390
Bulgaria	Lev	1.9590
Burma	Kyat	15.40
Burundi	Burundi Franc	205.905
Cameroon Repub'c	C.F.A. Franc	479.75
Canada	Canadian $	2.6830
Canary Islands	Spanish Peseta	162.80
Cape Verde Isle	Cape V. Escudo	83.50
Cayman Islands (S)	Cay. Is. $	1.9030
Cent. Af. Repub.	C.F.A. Franc	479.75
Chad	C.F.A. Franc	479.75
Chile	C. Peso	(Bk) 89.21
China	Renminbi Yuan	3.4090
Colombia	C. Peso	(F) 104.31
Comoro Islands	C.F.A. Franc	479.75
Congo (Brazaville)	C.F.A. Franc	474.75
Costa Rica	Colon	19.64
Cuba	Cuban Peso	1.5992
Cyprus (S)	Cyprus £	0.8070
Czechoslovakia	Koruna	(com) 12.20 n/c 24.28 (T) 20.48
Denmark	Danish Krone	12.85
Djibouti	Fr.	405.0
Dominica (S)	E. Caribbean $	6.17
Dominican Repub	Dominican Peso	2.2855
Ecuador	Sucre	(O) 57.35 (F) 64.39
Egypt	Egyptian £	(U) 1.60
Equatorial Guinea	Peseta	162.80
Ethiopia	Ethiopian Birr	(P) 4.6750
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	12.85
Fiji Islands	Fiji $	1.8880
Finland	Markka	8.445
France	French Franc	9.595
French C'ty in Af*	C.F.A. Franc	479.75
French Guiana	Local Franc	9.595
French Pacific Is.	C.F.P. Franc	175.5
Gabon	C.F.A. Franc	479.75
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.115
Germany (West)	Deutsche Mark	4.115
Ghana (S)	Cedi	6.31
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	99.002

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	12.85
Grenada (S)	E. Caribbean $	6.17
Guadaloupe	Local Franc	9.595
Guam	U.S. $	2.2835
Guatemala	Quetzal	2.2835
Guinea Republic	Sily	45.95
Guinea Bissau	Peso	77.05
Guyana (S)	Guyanese $	5.8250
Haiti	Gourd	11.40
Honduras Repub.	Lempira	4.5900
Hong Kong (S)	H.K. $	11.22
Hungary	Forint	(com) 75.4284 (T)(nc) 48.3718
Iceland (S)	I. Krona	n/a
India (S)	Ind. Rupee	18.05
Indonesia	Rupiah	1,429.0
Iran	Rial	n/a
Iraq	Iraq Dinar	0.6746
Irish Republic (k)	Irish £	1.1070
Israel	Shekel	10.4010
Italy	Lira	1,935.0
Ivory Coast	C.F.A. Franc	479.75
Jamaica (S)	Jamaica Dollar	4.0725
Japan	Yen	522.5
Jordan (S)	Jordan Dinar	0.670(sg)
Kampuchea	Riel	2,740.2
Kenya (S)	Kenya Shilling	16.925
Kiribati	Australian $	2.0240
Korea (Nth)	Won	1.9875(‖)
Korea (Sth)	Won	1,357.70
Kuwait	Kuwait Dinar	0.616
Laos	Kip Pot Po	914.6
Lebanon	Lebanese £	7.8325
Lesotho	Loti	1.8055
Liberia	Liberian $	2.2835
Libya	Libyan Dinar	0.6750
Liechtenstein	Swiss Franc	3.825
Luxembourg	Lux Franc	65.95
Macao	Pataca	12.12
Madeira	Portug'se Escudo	112.90
Malagasy Republic	MG Franc	479.75
Malawi (S)	Kwacha	1.85
Malaysia (S)	Ringgit	4.9900
Maldive Islands (S)	Mal Rupee	8.9860
Mali Republic	Mali Franc	959.50
Malta (S)	Maltese £	0.791
Martinique	Local Franc	959.50
Mauritania	Ouguiya ‡	95.80
Mauritius (S)	M. Rupee	17.51
Mexico	Mexican Peso	52.33
Miquelon	C.F.A. Franc	479.75
Monaco	French Franc	9.595
Mongolia	Tugrik	(o)6.185(‖)
Montserrat	E. Caribbean $	6.17
Morocco	Dirham	8.75(sg)
Mozambique	Moz. Escudo	65.15
Nauru	Australian Dollar	2.0240
Nepal	Nepalese Rupee	27.45
Netherlands	Guilder	4.52
Netherland Antilles	Antillian Guilder	4.0875
New Hebrides	Franc.	156.0
	Aust. Dollar	2.0240
New Zealand (S)	N. Z. Dollar	2.3410
Nicaragua	Cordoba	22.87
Niger Republic	C. F. A. Franc	479.75
Nigeria (S)	Naira	1.270648 (sg)
Norway	Norway Krone	11.26
Oman Sul'ate of (S)	Rial Omani	0.789
Pakistan	Pakistan Rupee	22.50
Panama	Balboa	2.2835
Papua N. Guinea (S)	Kina	1.5455
Paraguay	Guarani	285.48

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peru	Sol	exc(A) 615.56
Philippines	Philippine Peso	16.70
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.3410
Poland	Zloty	(Cm)69.90 (T)69.90
Portugal	Portugu'se Escudo	112.90
Port Timor	Timor Escudo	112.90
Puerto Rico	U.S. $	2.2835
Qatar (S)	Qatar Ryal	8.39
Reunion Ile de la	French Franc	9.595
Romania	Leu	(Cm)9.35 (n/c)T25.64
Rwanda	Rwanda Franc	212.14
St. Christopher (S)	E. Caribbean $	6.17
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.17
St. Pierre	Local Franc	9.595
St. Vincent (S)	E. Caribbean $	6.17
Salvador El	Colon	5.72
Samoa American	U.S. $	2.2835
San Marino	Italian Lire	1,935.0
Sao To'e & Principe	Dobra	79.16
Saudi Arabia	Ryal	7.60
Senegal	C.F.A. Franc	479.75
Seychelles	S. Rupee	14.36
Sierre Leone (S)	Leone	2.3705
Singapore (S)	Singapore $	4.9390
Solomon Islands (S)	Solomon Is. $	1.9056
Somali Republic	Somali Shilling	(A)13.77
South Africa (S)	Rand	1.8055
South West African Territories (S)	S. A. Rand	1.8055
Spain	Peseta	162.80
Spanish ports in North Africa	Peseta	162.80
Sri Lanka (S)	S. L. Rupee	36.30
Sudan Republic	Sudan £ (1)	1.14
Sudan Republic	Sudan £ (2)	1.82
Surinam	S. Guilder	4.0876
Swaziland (S)	Lilangeni	1.8055
Sweden	S. Krona	9.665
Switzerland	Swiss Franc	3.825
Syria	Syria £	(A)8.9770
Taiwan	New Taiwan	(P)82.20
Tanzania (S)	Tan. Shilling	18.65
Thailand	Baht	46.48
Togo Republic	C.F.A. Franc	479.75
Tonga Islands (S)	Pa'anga	2.0240
Trinidad (S)	Trinidad & Tob. $	5.4805
Tunisia	Tunisian Dinar	0.915 (SG)
Turkey	Turkish Lira	169.40
Turks & Caicos	U.S. $	2.2835
Tuvalu	Australian $	2.0240
Uganda (S)	Uganda Shilling	n.a.
United States	U.S. Dollar	2.2835
Uruguay	Uruguay Peso	(cm)20.10 (fn)20.11
Utd. Arab Emirates	U.A.E. Dirham	8.49
U.S.S.R.	Rouble	1.4892
Upper Volta	C.F.A. Franc	479.75
Vatican	Italian Lire	1,935.0
Venezuela	Bolivar	9.82
Vietnam	Dong	(O)4.9845 (T)4.8665(‖)
Virgin Islands U.S.	U.S. Dollar	2.2835
Western Samoa (S)	Samoan Tala	2.0975
Yemen (Nth)	Ryal	10.33(SG)
Yemen (Sth)	S. Yemen Dinar	(A) 0.7810
Yugoslavia	New Y Dinar	48.1413
Zaire Republic	Zaire	6.594625
Zambia	Kwacha	1.80
Zimbabwe	Zimbabwe $	1.4550

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 95.90. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (‖) Based on gross rates against Russian rouble. (1) Official rate for exports and imports. (2) Parallel rate for all transactions except specified exports and imports.

WORLD STOCK MARKETS

Dow 1.1 higher at mid-session

AFTER LAST week's advance, the Wall Street stock market started on an easier note yesterday, but tended to pick up later to make a mixed showing at mid-session. Trading was moderate.

The Dow Jones Industrial Average, following an advance of 21 points last week, was down 2.99 at 11 am, but subsequently improved to 827.99 at 1 pm for a fresh net gain of 1.11 on last Friday's closing level. The NYSE All Common Index was 6 cents *higher on balance at $61.29*, although declines retained a small lead over advances at mid-session. Trading volume came to 20.04m shares, compared with last Friday's 1 pm total of 22.49m.

One analyst pointed out that the D-J Industrial Average was handicapped by 1.71 points at the opening this morning because four component issues were quoted ex-dividend.

Analysts noted that despite *the decline in the Prime Rate* to 16 per cent yesterday by Morgan Gunaranty, other short-term rates have actually been rising during the past few trading days. Some interest rate-sensitive issues, which had led the rise in the market during recent weeks, have backed off, they added.

Takeover stocks were again the centre of activity. **Sigma Instruments** on the American Stock *Exchange* gained 6¾ to *$19¾*. **Wheelabrator-Frye** has agreed to acquire Sigma for $20 a share; Wheelabrator gained ½ to $34.

Liggett gained ¾ to $67¾. **Diamond International** eased ½ *to $43½. It plans to sue Cavenham* to block a bid for its stock.

Sears, which reported lower first-quarter earnings, eased ⅛ to $17⅛ in active trading. **Shaklee**, which is to make a $16m pre-tax charge on its earnings in the third-quarter, shed ¾ to $15¼.

Metpath retreated 4¾ to $30¾. It is examining a potential laboratory procedure for detecting the *presence of cancer, but said there* is no assurance that any test will ever develop from this research.

Active **Orion Capital**, the subject of a takeover proposal, rose 2½ to $14¾.

THE AMERICAN SE Market Value Index recorded a further rise of 1.65 at 259.46 at 1 pm, following a volume of 1.84m shares.

Canada

Markets in Canada were closed yesterday in observance of the Victoria Day holiday.

Tokyo

The market retreated sharply over a broad front in fairly active trading, reflecting concern over the political situation in Japan and rising margin debts.

At the end of the morning session, the Nikkei-Dow Jones Average had posted a fall of 177.73 as uncertainty about the future of the ruling Liberal Democratic party spread in the market in the wake of the approval of a non-confidence motion against the Government of Prime Minister Masayoshi Ohira and Ohira's subsequent dissolution of the Cabinet and the Lower House of Parliament for new elections. *However, prices* steadied in the afternoon as panic selling ran its course, and the index picked up to close a net 98.67 down on the day at 6,634.33.

The Tokyo SE Index lost 7.16 to 459.16, while volume reached 360m shares against last Friday's 220m.

Large capital issues led the decline, with **Nippon Steel** shedding Y6 to Y141, **Kawasaki Steel** Y7 to Y141, **Hitachi** Y7 to Y247, **Mitsubishi Electric** Y8 to Y194 and **Kawasaki Heavy** Y8 to Y184.

Some Light Electricals were also hard hit, **Sony** receding Y90 to Y1,960, **Pioneer Electronic** Y40 to Y11,900, and *TDK Electronic* also Y40 to Y2,020.

Trading House **Mitsubishi** retreated Y21 to Y656, while in a mainly weak Oils sector, **Nippon Oil** lost Y40 to Y2,010.

However, **Teikoku Oil** gained Y30 to Y1,260 on news that it has started test exploration at its oil fields in Northern Japan.

Germany

After a promising start, trading activity slackened and some prices slipped back to leave an overall mixed apperance on balance.

Business interest centred on the one-for-17 rights issue from Electricals concern Siemens, traded for the first time yesterday. Siemens closed at DM 260.50 for an effective gain of DM 3.50.

Among Engineerings, **MAN** and **Linde** each lost DM 1.50, but **GMH** put on DM 1.00.

In Chemicals, **Schering** receded DM 2.50, but **Daimler** in Motors added DM 1.50.

On the Domestic Bond market, Public Authority Loans were mixed, and the Bundesbank sold DM 5.9m nominal of paper after sales of DM 15.5m last Friday. *Mark Eurobonds were steady.*

Australia

Markets were generally subdued, although some stocks *improved after an easier start.*

Among the recently-strong Oils sector, **Bridge Oil** moved ahead sharply during the afternoon to close 35 cents higher at A$4.00. **Woodside Petroleum** recouped an early loss and finished 1 cent firmer on the day at A$2.73.

Lennard Oil, A$1.60, and **Crusader Oil**, A$3.40, gained 10 cents apiece, but **Hartogen Energy** shed 10 cents to A$4.00.

Some mining leaders attracted support, **North Broken Hill** adding 15 cents at A$3.35, **CRA** 14 cents at A$5.30, **Western Mining** 5 cents at A$4.30 and **Comalco** 6 cents at A$5.70, but **Hamersley** declined 15 cents to A$3.85.

On the Industrial boards, **Tooth** rose 20 cents to A$2.25, but market leader **BHP** lost 15 cents to A$13.30 and **CSR** shed 4 cents to A$5.86.

The announcement by the ANZ Bank of a substantial profits increase came too late in the day to affect trading in the Banking section, which *mostly showed little movement* from Friday's close. **ANZ** were unchanged at A$4.40, but **National Bank** were down 7 cents at A$2.40.

Paris

Prices were narrowly mixed after light trading, with rises and falls evenly matched in the French section.

Market observers said the news of a sharply lower French trade deficit in April and a 0.7 per cent rise in industrial output in March failed to offset the negative impact of the announcement that the French Government is to float a FFr 8 bn State Loan early in June.

Hong Kong

Shares mainly lost further *ground in quiet trading on* meeting some local selling. Dampening sentiment was Saturday's decision of the Exchange Banks Association (EBA) interest rates sub-committee no o lower Hong Kong Prime Rate.

Johannesburg

Gold shares continued to plot a firmer course. Out of 58 gold issues traded 46 closed higher. **Buffelsfontein** put on 75 cents to R40.00 and **East Driefontein** 50 cents to R26.00.

Diamond leader **De Beers** improved to R10.00 at one time but later slipped back to R9.90, only 5 cents up on balance. Platinums firmed, but Coppers tended to weaken.

Elsewhere, **Amcoal**, following its prposal for full control of Vryheid, gained 50 cents to R25.25. *Industrials were quietly* firmer.

Closing prices for North *America were not available* for this edition.

NEW YORK

CANADA

Stock	May 16	May 15
Abitibi	18¼	18½
Agnico Eagle	11⅛	11
Alcan Alumn.	28¼	28⅞
Algoma Steel	28	28⅝
Asbestos	34	34

BELGIUM (continued)

May 19	Price Frs.	+ or −
Petrofina	5,180	−200
Royale Belge	5,700	−50
Soc Gen Banq	2,470	+25
Soc Gen Belge	1,330	−10
Sofina	3,290	+60
Solvay	2,550	+20
Traction Elect.	2,585	−115

HOLLAND

May 19	Price Fls.	+ or −
ACF Holding	75	+2
Ahold	66.5	−0.80
AKZO	24.0	+0.5
ABN	292	−3
AMEV	98.0	−0.9
AMRO	62.8	−1.4

AUSTRALIA

May 19	Price Aust. $	+ or −
ANZ Group	4.40	
Acrow Aust	0.80	
Allstate Expl	1.10	−0.05
Ampol Pet.	1.25	+0.01
Assoc. Pulp Pap.	2.15	
Audimco	0.26	+0.01
Aust Cons Ind.	2.05	+0.02

JAPAN (continued)

May 19	Price Yen	+ or −
Kubota	353	−2
Kumagai	350	−10
Kyoto Ceramic	3,150	+10
Lion	363	−16
Maeda Cons.	455	−15
Makita	980	−7
Marubeni	354	−13

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

ITALY

NORWAY

SWEDEN

SWITZERLAND

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

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COMMODITIES AND AGRICULTURE

Uncertain sugar market as prices fluctuate

BY RICHARD MOONEY

SUGAR PRICES had another uncertani day on the world market yesterday. The August London futures position opened strongly and gained £13.25 during the morning, taking it near to last week's 5½-year high of £379 a tonne. But once again the upsurge ran out of steam, and by the close August sugar was quoted only £0.25 up at £358.25 a tonne.

Dealers said the long-term view in the market remained "bullish" but questioned whether the short-term supply-demand balance justified further gains at this stage. They noted that some countries scheduled to buy sugar recently had turned down offers at tender because the prices asked were considered too high.

Countries which were determinedto buy sugar had little difficulty in finding sellers, the dealers added. Though production was likely to fall short of demand by around 6m tonnes this year, stocks appeared relatively plentiful.

News released yesterday might have been expected in normal circumstances to have encouraged substantial price increases but with prices having already climbed around £100 a tonne in recent weeks, traders were reluctant to buy.

Yesterday's news included the temporary suspension of Thai sugar exports, details of a sharp cutback in Indian output, and a similar gloomy picture for the South African crop.

The Thai suspension is intended to alleviate an acute shortage of sugar on the local market resulting from serious drought damage to the country's crop.

The sugar yield from Thailand's 1979-80 crop is expected to be only 1.05m tonnes compared with 1.8m in 1978-79.

In New Delhi, meanwhile, the Indian Sugar Mills Association said sugar production in the second fortnight of April dropped to 83,000 tonnes from 348,000 tonnes in the same period last year. This brought production in the first seven months of the current season to 3.8m tonnes compared with 5.35m a year earlier.

Latest estimates put the total 1979-80 Indian crop at 4.2m tonnes against 5.85m in 1979-79. The country, which is normally a sugar exporter, is already reported to have imported around 200,000 tonnes of sugar to make good the domestic shortage.

Cocoa decline continues

BY OUR COMMODITIES EDITOR

LAST WEEK'S decline in cocoa prices on the London futures market continued yesterday as prospects of a surplus of production over consumption for the third year in succession continued to depress market sentiment.

The July futures position slipped to £1,158—its lowest level since August 1976—before steadying in the afternoon to end the day £6 down at £1,168.5 a tonne.

Dealers said the market appeared little affected by the beginning of the Cocoa Producers' Alliance Meeting in Bahia, Brazil, yesterday, at which methods of stabilising prices were discussed.

Nor did traders seem impressed by an article in the Ivory Coast newspaper "Fraternite Matin" which quoted M. Claude Cheysson, EEC aid commissioner, as saying that the Common Market should be doing more to help stabilise cocoa prices.

"We must contribute more than we have done so far towards ensuring a stabilisation of the price, or more exactly a capacity to forecast the price," the article quoted M. Cheysson as saying.

"We have to reach an agreement on cocoa. It is important for everyone, consumers and producers," he added.

Around 80 per cent of India's cocoa bean production may be totally lost following the decision of Cadbury India, one of the main consumers, to stop its purchases from today, industry sources said, reports Reuter from New Delhi.

Cadbury India chairman Prem Pandhi said he had been forced to take this decision because of the closure of the chocolate and Bournvita plant at Bombay since May 7, due to labour problems.

Clarification sought on Banking Act rule

BY ROBERT COTTRELL

DISCUSSIONS are taking place between the Bank of England and the Treasury to clarify the position of commodity brokers under the 1979 Banking Act. Brokers require "margin" money from clients to be deposited against commodity transactions, and the act calls for institutions "conducting a deposit-taking business" to do so only under government licence.

Certain types of institution, including members of the Stock Exchange in the course of broking and jobbing business, but not commodity brokers are exempt from the provisions of the act.

"In my opinion, it was in essence just a slip-up that they didn't exempt commodity brokers when the Stock Exchange was exempted," Mr. I. E. J. Foster, chairman of the comittee of the London Metal Exchange said.

The situation has come as an awkward surprise to a member of brokers who did not expect to be covered by the act. It is understood that the intention behind the legislation was not to bite into deposits taken in the caurse of identifiable commercial transactions. But the position is complicated where money is profiatably held by brokers but not immediately tied to a transaction—for instance between deals, or where a broker's own margin is lower than that of the client for whim it acts.

The situation could be resolved by a specific statutory exception for commodity brokers: though at least one company, C. Czarnikow, took the precaution of applying for a licence. For the moment, the brokers are trading normally while their associations join in consulations with the Bank and Treasury.

Colorado beetle threat

By Our Commodities Staff

THE THREAT to Britain's potato crop from Colorado beetles grew over the weekend with the discovery of a further 20 of the black and yellow insects in greengrocers' shops around the country.

The Ministry of Agriculture alerted shop-keepers to be on the look-out fo rthe beetles, which could decimate the country's potato harvest, following the discovery of 19 o fthem at the end of last week. These were traced to a consignment of Italian spinach. Another 20, believed to be from the same source, were found over the weekend and yesterday the tally rose to 43, though one of these was fro ma cargo of Portuguese timber.

Farmers fear that if any of the beetles escape detection they could breed quickly in the present hot, dry conditions. The National Farmers' Union yesterday appealed to the public to report any discoveries of the beetles to the Ministry.

Salinity scheme for China's farmland

By Our Commodities Staff

A $2.3bn plan to improve the productivity of half China's farm land could become a reality following the acceptance of the country into the World Bank.

Lack of finance has prevented China from implementing the plan, which would turn its 3.33m hectares of saline fields into clean, productive land. But the scheme appears to have a good chance of World Bank funding now that China is a member.

The saline fields have impoverished a large part of the plains in Northern China, according to the official Xinhua news agency. Chinese scientists have developed methods of curing the salinity which involve an extensive system of pump wells and drainage ditches.

The method, which also includes the growing of green manure crops to form a layer of rich soil, has been tried on 5,000 of Shantung Province's 7,300 hectares of saline land with the result that grain production improved from 11,000 to 20,000 tonnes between 1974 and 1978, the agency said.

DAIRY CONFERENCE

Warning on milk imports

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

DOORSTEP delivery of milk could not exist in competition with cheaper supermarket supplies; warned Mr. Peter Walker, Minister of Agriculture, speaking at the Dairy Trade Federation conference in Bournemouth yesterday.

He pointed to the situation in Holland where liquid milk consumption had collapsed in such circumstances. The dairy trade, he claimed, had a 21 per cent rise in prices in the past year and in spite of the activities of certain consumer groups, consumption had not been so badly affected.

He re-emphasised the point that the milk industry was all part of a food chain and that farmer, too, were bearing heavy costs. He believed governments should, as they do in Europe, actively assist the industry in every way.

A middle way must be found between socialist interference and complete "laissez-faire."

This was reinforced by the Federation's president, John Travers Clarke, who warned of the progressive decline in liquid milk consumption which would overload the market for manufactured products.

There was, he said, no alternative to a managed market and as an example, he suggested that the retail price of milk mihgt be reduced in summer in order to compete with imported supplies.

The next session was dominated by the mounting surpluses in the EEC and its effect on farm incomes because of a farm freeze, and for this different speakers had a confusion of remedies. For Prof. Peter Wilson of BOCM Silcock, the answer was clear: productivity was the essential. More cows fed with more compounds, producing more milk and so increasing gross margins per cow and per acre.

Wisely he did not attempt to say just how the extra milk would be disposed of.

Professor John Marsh of Aberdeen University warned of the danger of equating productivity with profits. He instanced the fact shown by an MMB report that the lower yielding Irish herds had in fact a higher profit than the high yielding herds in Britain.

He also warned that the cost of getting milk from France to the south east of England would be no more than from, say, Wales or the West of England. How long could a Minister who had fought the French ban on lamb defend our shores against French milk.

All in all, he forecast a difficult future for the UK dairy industry and it was possible that survival would go to those who could tighten their belts.

Sir Henry Plumb, once NFU president and now a member of the European Parliament, could offer little hope unless overall Community supplies could be balanced between supply and demand.

He suggested consideration must be given to market management with adequate reward that part of production that the market could absorb. This would be a difficult task but the only alternative would be the destruction of the milk section of the Common Agricultural Policy.

World wheat output estimate up

THE INTERNATIONAL Wheat Council (IWC) has raised its estimate of 1979/80 world wheat production to 424.3m tonnes from 420.5m due to an increase in the official Chinese figure to 60m tonnes from 56m.

In its latest market report the IWC said its estimate, covering crops harvested during the 12 months starting April, 1979, compares with 450m tonnes in 1978/79.

The IWC lowered its estimate of carryover stocks of the five main exporting countries at the end of their respective 1979/80 crop years to 51m tonnes from 52.7m against 53.1m in 1978/79, following an increase in the U.S. Department of Agriculture's estimate of U.S. exports by 1.4m tonnes to 37.4m for 1979/80 June-May.

The IWC said the outlook for 1980-81 crop in the U.S. remains favourable even though there is concern over dry conditions in U.S. spring wheat areas and soil moisture levels are below normal in Canada.

● African wheat imports in the 1979-80 July/June crop year are expected to reach a record 12.9m tonnes,

Recovery ahead for Australian wool sales

BY A CORRESPONDENT

WHEN WOOL auctions resumed in Australia at the end of March after a three-months storemen's strike that blocked sales of 500,000 bales of wool, the question of whether the market would regain the buoyancy it had before the stoppage depended largely on how Japan performed in the saleroom.

Stocks of raw wool were reported to be desperately low in that country, the pacesetter at Australian sales, and in some quarters it was assumed that with this vacuum to be filled and the Australian Wool Corporation's stockpile standing at well below the strategic buffer of 250,000 bales, bidding would be brisk.

Such an explanation was too simple. Although last week—the seventh since sales resumed—values appeared to bottom out and be looking tentatively upwards, the average price during the period was some 25 cents, or almost 6 per cent, below the level immediately before sales stopped—itself considerably up on that of the previous season.

Had Japan's shortage been as grim as the country itself was painting it, demand from there might have tolted prices in sellers' favour, but it is now known that the cries of depletion were more political than technical, a customer's contribution to getting the shop open again and avoiding the situation a real shortage would entail.

Nor did the exclusion of 500,000 bales from sales mean so much as might at first have been thought. Twice that quantity was held on the docks, sold but awaiting shipment, and to that extent making the problem less one of buying wool than of moving it.

The behaviour of the market in the past two months has been unremarkable to prophets who allowed for this, and their curiosity is more for what will happen from here on.

During the period in which supply exceeded demand, the corporation's buying reaching 36 per cent of offerings at one stage, amounting to 15 per cent in the week just past and averaging overall about 20 per cent. Since the stockpile was so low, such buying is not considered disturbing.

The picture was also blurred by the fact that prices expressed in Australian dollars have been deceptive in as much as the dollar has been declining, and what on the face of it may have loked like appreciation has not been that at all.

Thanks to a swing back to nature and the efforts of the International Wool Secretariat, wool in the past five years or so has been gaining steadily at the expense of man-made fibres, but the total market is not expanding, and at present, with recession expected to worsen, inquiry from early wool processors is restrained as they note the slackness of business at the retail end.

Interest rates are so high that processors have reduced stocks to levels that would once have been thought foolhardy. It is likely that some relief from the malaise that has enveloped wool textiles would see them spurt into action, with understandable impact on prices, but it is hard to see where such a catalyst might be lurking other than in the worldwide effect that the lowering of interest rates in the U.S. should have.

The forthcoming announcement of the Australian reserve price for 1980-81, expected to be 10 per cent higher at 350 cents a kilo clean, could spur some additional interest in the remainder of the selling season. So too, towards it close, could fears of a repetition next year of the storemens strike.

With smaller carryovers in the main exporting countries, the question of current production gains importance. A month ago it seemed as though drought could hit the Australian clip, but with the coming of rain anxiety on this score has abated.

Any shortfall in traditional quarters seems likely to be relieved by the release of wool in South America, where producers are preparing to cash in on supplies they had been holding as a hedge against inflation.

Stocks in the hands of both producers and processors are by no means abundant, and it is hard to se inquiry for wool moderating more than it has already. So the odds would appear to be for the recovery promised at last week's Australian auctions to materialise.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Held steady in quiet trading on the London Metal Exchange. Forward metal traded between £904 and £907 throughout the day with the exception of a brief period after the opening of Comex when the price rose to £912. This level attracted profit-taking and the market drifted back to close at £906.75. Turnover, 19,250 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	878-.5	—.75	879-80	+2.75
3 months	906-7	+2	908-.5	+5
Settlem't	878.5	—1	—	.....
Cathodes	874-5	.....		
Cash			858-60	—2
3 months	858-60	+1.5	884-5	—.25
Settlem't	885-7	—.75	—	.....
U.S. Prod	860	+2	*90-96.85	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £978, 78.5, three months £906, 5, 6. Cathodes, cash £860, three months £885. Kerb: Wirebars, three months £906, 7. Afternoon: Wirebars, cash £880, three months £911, 10, 9.5, 8, 7.5. Cathodes, three months £884. Kerb: Wirebars, three months £905, 4, 5, 4.5, 5, 5.5, 6, 7, 6.5.

TIN—Marginally easier following a decline on the Penang market. Forward metal opened at £7,360 and held this level following covering against American physical interest. During the rings, however, hedge selling pared the price to £7,330 although there was good interest in high grade material. In the afternoon the price rose to touch £7,370 again in the wake of U.S. demand before easing to close the late kerb at £7,355. Turnover, 1,430 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7330-40	—118	7350-70	—85
3 months	7360-70	—40	7390-400	+2.5
Settlem't	7340	—110	—	.....
Standard				
Cash	7280-300	—102.5	7305-15	—35
3 months	7330-5	—40	7350-60	—32.5
Settlem t	7300	—95	—	.....
Straits E.	‡$2178	—14	—	.....
NewYork	—	.....	—	.....

Morning: Standard, cash £7,280, three months £7,330, 40, 30. High Grade, cash £7,330. Kerb: Standard, three months £7,320, 30. Afternoon: Standard, three months £7,330, 50, 40, 45, 60, 70, 60, 50, 60. Kerb: Standard, three months £7,350, 60, 55.

LEAD—Quietly steady despite an unexpected rise in stocks. Three months material traded in a £5 range prior to closing the late kerb at £345.5. Turnover, 5,525 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	329-31	—1.5	332-3	+2.5
3 months	340-1	—1	342-3	+2
S'ment	331	—1	—	.....
U.S. Spot.	—	.....	*36-40	.....

Morning: Cash £329, three months £339, 40. Kerb: Three months £341, 42, 41, 42. Afternoon: Cash £331.5, 32, three months £344, 45, 43, 42.5, 42. Kerb: Three months £344, 46.

ZINC—Barely changed with forward metal closing around £312 after a day of routine business. Turnover, 3,525 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	300.5-2	—.25	303-4	+1.25
3 months	312-.5	—.25	313.5-4	+1.25
S'ment	302	..	—	.....
Primw'ts	—	.....	*37.5	.....

Morning: Three months £313, 12, 12.5. Afternoon Three months £313, 14, 13, 13.5, 14. Kerb Three months: £312.5.

ALUMINIUM—Fractionally easier in subdued trading with forward metal finally quoted at £772.5 on the afternoon kerb. Turnover: 4,850 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	786-7	+3.5	782-5	—4
3 months	773-4	+1.5	773-5	—2.25

Morning: Cash £787, 86, three months £777, 75, 74, 73, 74. Afternoon: Three months £776. Kerb: Three months £773.

NICKEL—Little changed in quiet trading with three months metal closing around the £2,710 level. Turnover, 306 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2610-20	+12.5	2605-15	+7
3 months	2710-5	—8.5	2705-10	+10

Afternoon: Three months £2,710.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 17.15p an ounce lower for spot delivery in the London bullion market yesterday at £5.4255. U.S. equivalents of the fixing levels were: spot $12.4, down 39.5c; three-month $12.667, down 38.8c; six-month $12.945, down 41.9c; and 12-month $13.835, down 31.7c. The metal opened at £5.4-5.55 ($12.35-12.85) and closed at £5.2-5.45 ($11.9-12.4).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	542.55p	—17.1	528p	—5
3 months	562.05p	—17.1	547.25p	—6.5
6 months	579.05p	—18.1	—	.....
12months	624.05p	—14.1	—	.....

LME—Turnover 130 (121) lots of 10,000 ounces. Morning: cash 543, three months 566, 65.5, 66, 64, 65, 63, 61. Kerb: untraded. Afternoon: three months 561, 62, 55, 47, 48, 47, 48, 45, 46. Kerb: three months 546, 48, 47, 49, 47, 46, 45.

COCOA

Fluctuating within a £20 range futures today traded in thin conditions closing quietly £10 below the levels of Friday evening. Physicals failed to appeal to either producers or consumers and only light trades of cocoa beans were recorded, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
May	1159-62	—8.0	1176-55
July	1158-69	—6.0	1179-58
Sep	1176-77	—10.8	1190-72
Dec	1219-20	—15.5	1230-16
March	1254-55	—16.0	1265-52
May	1260-65	—11.5	1295-65
July	1300-10	—15.5	1320-30

Sales: 4,400 (1,817) lots of 10 tonnes.

COFFEE

The recent strength in robustas was somewhat dampened by tired long liquidation and a general lack of fresh news, reports Drexel Burnham Lambert. Prices gradually drifted lower in moderately active conditions with weakness in the New York market inducing further pressure during the afternoon.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1699-1700	—8.0	1705-1698
July	1741-42	—18.5	1755-40
Sept	1795-97	—31.5	1811-1781
Nov	1814-15	—19.0	1850-11
January	1822-24	—15.0	1850-27
March	1776-80	—9.0	1780
May	1760-90	+15.0	—

Sales: 3,037 (4,589) lots of 5 tonnes. ICS Indicator prices for May 16 (U.S. cents per pound): Other Mild Arabicas 195.50 (195.00); Robustas ICA 1976 177.25 (same). ICA 1968 177.50 (same). Unwashed Arabicas 216.50 (217.00). Comp. daily ICA 1968 188.42 (198.33).

GRAINS

LONDON GRAIN FUTURES—Old crops saw very good buying interest and remained firm throughout the day to close £1.65 higher on wheat and £2.55 up on barley. New crops saw fairly active trading, selling pressure eased values back slightly but they remained about steady to close 20p-25p higher on wheat and 15p-20p higher on barley, reports Acli.

	WHEAT		BARLEY	
Mnth	Yesterday close	+ or —	Yesterday close	+ or —
May	101.25	+1.65	93.20	+2.55
Sept	94.95	+0.20	92.60	+0.15
Nov	98.75	+0.25	96.50	+0.15
Jan	102.50	+0.25	100.40	+0.20
Mar	105.90	+0.20	103.65	+0.20

Business done—Wheat: May 101.25-100.00, Sept. 95.20-94.90, Nov. 98.90-98.60, Jan. 102.70-102.40, March 106.05-105.80. Sales: 188 lots of 100 tonnes. Barley: May 93.20-92.00, Sept. 92.85-92.50, Nov. 96.75-96.40, Jan. 100.40-100.30, March 103.80-103.50. Sales: 389 lots of 100 tonnes.

IMPORTED—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, May 96, June 96.25, July 97, Aug. 98.25 transhipment East Coast. Maize: French May 117, June 118 transhipment East Coast. Barley: English Feed fob May 98.50, June 100 East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 92.80, E. Midlands 91.60, N. East 92.00, Scotland 91.00. Other milling wheat: E. Midlands 97.20. The U.K. Monetary Coefficient for the week beginning Monday, May 26 (based on HGCA calculations using three days' exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened easier, ruled idle throughout the day, closing on a quiet note, Lewis and Peat reported a Malaysian godown price of 288 (292) cents kg (buyer, June).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
June	58.88-58.80	60.00-60.60	58.80-58.88
July	60.50-61.00	61.20-61.70	—
Jly-Sept	61.60-61.70	62.50-62.70	61.70-61.60
Oct-Dec	65.40-65.50	66.30-66.40	65.80-65.20
Jan-Mar	68.40-68.56	69.20-69.30	68.20-68.20
Apr-Jne	71.00-71.20	71.80-71.90	71.10-70.80
Jly-Sept	73.70-73.80	74.60-74.88	73.60-73.60
Oct-Dec	76.50-76.60	77.30-77.40	76.50-76.30
Jan-Mar	79.20-79.40	79.80-80.00	—

Sales: 163 (149) at 15 tonnes, 3 (2) at 5 tonnes.

Physical closing prices (buyer) were: Spot 58.50p (59.00p), June 62.25p (63.00p), July 63.00p (63.75p).

LONDON TEA AUCTION—49,839 packages were offered at yesterday's auction. Assams were irregular 2p to 4p lower except selected brighter lines. Bright Africans gained several pence. Mediums were irregular, selected colour sorts dearer. Plain Central Africans and Quality Ceylons were also dearer. Quotations: Quality 150p per kilo (144p); Medium 103p (101p); Plain 70p (65p).

SOYABEAN MEAL

The London market opened with losses of 50p on news that substantial rains wer received in U.S. corn and bean growing areas over the weekend, reports T. G. Roddick. Prices drifted and finished with losses of around £1.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
June	106.30-06.5	—0.80	106.60-06.50
August	108.20-08.5	—1.20	107.80-09.50
October	104.40-04.5	—0.90	105.20-04.50
December	107.50-07.8	—0.95	107.90-07.80
February	110.50-10.7	—1.45	110.80
April	112.10-12.7	—1.25	—
June	115.50-15.0	—1.50	—

Sales: 34 (11) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £345.00 (£340.00) a tonne cif for June-July shipment. White sugar daily price was £348.00 (£333.00).

Reports that Thailand has suspended exports lifted prices £8.00 above pre-weekend levels at the opening. Further gains were recorded later but during the afternoon they were not held. Arbitrage selling developed which encountered good support scale-down but by the close prices were at the low points some £13.00 below the best levels, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
May	358.00-52.80	345.00	358.00
Aug	368.00-58.50	357.50-58.00	371.00-58.75
Oct	365.00-69.00	365.00-53.50	377.00-61.05

Sales: 10,801 (9,355) lots of 50 tonnes.

NUMBER 4 CONTRACT—Close (in order buyer, seller only). May 360.00, 362.00; Oct. 369.25, 370.00; Jan. 373.00, 375.00; March 375.05, 375.50; May 373.00, 373.50; Aug. 371.00, 374.00; Oct. 367.05, 371.00. Sales 1,263 (684).

Tate and Lyle ex-refinery price for granulated basis white sugar was £321.7 (same) a tonne for home trade and £441.50 (£437.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for May 16. Daily price 33.01 (32.54): 15-day average 27.99 (27.32).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. May 465.0, 472.0, 470.0-465.0, 23; July 460.5, 461.5, 468.0-457.0, 122; Oct. 458.5, 459.0, 463.0-457.0, 108; Dec. 460.0, 462.0, 463.0-459.0, 114; Mar. 464.5, 466.0, 468.0-467.0, 20; May 468.0, 468.5, 472.0-467.0, 26; July 471.0, 472.0, 475.0-473.0, 13; Oct. 474.0, 476.0, —. Sales 426.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. May 365, 375, 369, 1; Aug. 377, 385, 381, 1; Oct. 380, 385, nil, nil; Dec. 377, 385, nil, nil; Jan. 377, 385, 381, 1; March 375, 383, nil, nil; May 375, 384, nil, nil; Aug. 375, 395, nil, nil; Oct. 375, 395, nil, nil. Sales: 3.

MEAT/VEGETABLES

SMITHFIELD—pence per pound. Beef: Scotch killed sides 68.0 to 73.0; Eire hindquarters 82.0 to 84.0, forequarters 46.0 to 50.0. Veal: English fats 70.0 to 80.0; Dutch hinds and ends 94.0 to 110.0. Lamb: English small new season 64.0 to 74.0; Imported frozen NZ pl 80.0 to 81.5, pm 58.0 to 59.5. Hoggets: English 40.0 to 50.0; Scotch 40.0 to 50.0. Pork: English, under 100 lbs 44.0 to 50.5, 100-120 lbs 41.5 to 49.0, 120-160 lbs 40.0 to 48.0.

MEAT COMMISSION—Average fatstock prices at representative markets on May 19. GB—Cattle 82.48p per kglw (—3.26). UK—Sheep 145.73p per kgestdcw (—1.00). GB—Pigs 65.87p per kglw (—5.47).

PRICE CHANGES

In tonnes unless otherwise stated.

	May 19 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1880/1850	....	$1880/10
Copper			
Cash w'bar	£879.5	+2.75	£967.5
3 mths	£908.25	+5	£929.25
Cash Cathode	£859	—2	£866.5
3 mths	£884.5	—0.25	£896.5
Gold troy oz	$514.5	—2	$497.5
Lead cash	£332.5	+2.5	£416
3 mths	£342.5	+2	£411.5
Nickel	£3,355	....	£3,477
Freemkt(cif lb	265/295c	....	285/335c
Platin'mtr'y oz	£189-193	....	£189/195
Free mkt	£243.75	—1.15	£250.65
Quicksil'vert	$380/390	....	$402/412
Silver troy oz	542.55p	—17.15	637.20p
3 months	562.05p	—17.15	662.20p
Tin Cash	£7,310	—35	£7,625
3 mths	£7,355	—32.5	£7,627.5
Tungsten22.04lb	$144.50	....	$140.73
Wolfrm 22.04lbs	$159/143	....	$141/146
Zinc cash	£303.5	+1.25	£300
3 months	£313.75	+1.25	£310.25
Producers	$780-825	....	$825
Oils			
Coconut (Phil)	$652.50x	....	$675
Groundnut	‡	....	‡
Linseed Crude	‡	....	£458
Palm Malayan	$582.50x	+2.5	$615
Seeds			
Copra Philip	$402.5	+2.5	$430
Soyabean(U.S.)	$264.55z	+2	$263.05
Grains			
Barley Futures	£92.50	+0.15	£90.10
Maize			
French No3AM	‡	....	£117
Wheat			
No. 1 Red Spg	‡	....	‡
No2HardWint	‡	....	‡
Eng. Millingt	‡	....	‡
Other commodities			
Cocoa ship,t	£1,219	+9	£1,297
Future July	£1,168.5	—6	£1,288.5
CoffeeF't'rJuly	£1,741.5	+18.5	£1,885.5
Cotton A,Index	88.55c	....	90.50c
Rubber (kilo)	58.50p	—0.50	63.75p
Sugar (Raw)	£345	+5	£243
Wooltp's 64s kl	295p kilo	+1	295pkilo

u June. s June/July. r May-June. w Aug. x July. z Indicator. § Buyer. ‡ Per 276-lb flask.

*

GRIMSBY FISH — Supply good, demand fair. Prices at ship's (unprocessed) per stone: Shelf cod £3.90-£4.20, codlings £2.50-£3.70; Large haddock £4.00-£4.50, medium £3.80, small £2.50-£2.90; Medium plaice 5.40, best small £3.40-£5.60; Skinned dogfish, large £7.00, medium £3.00; Lemon soles large £8.00, medium £7.50; Rockfish £2.00; Saithe £3.00.

COVENT GARDEN (Prices in sterling per package except where otherwise stated)—Imported Produce: Oranges—Spania: Vernas 3.60-4.20, Bloods 3.30-3.60; Jaffa: Valencia Lates 50/189s 4.80-6.30; Egyptian: Valencia Lates 75/125s 3.00; Moroccan: 54/113s 4.00-4.80; Cypriot: Valencia Lates 3.50-5.00; Arozona: Valencia Lates 72/88s 5.50-5.80; South African: Navels 4.20-5.20. Lemons—Italian: 100/150s 4.20-4.50; Spania: Trays 25/45s 2.00-2.30, boxes 4.20-5.00; South African: Boxes 4.80-5.60, trays 2.50. Grapefruit—Cypriot: 20 kg 4.00-5.40; Jaffa: boxes 40/75s 4.80-5.20; South African: 3.75-4.20. Minneolas—Californian: Approx. 20 lb 54/90s 4.30. Apples—New Zealand: Sturmer Pippins 8.50, Golden Delicious 7.20-7.50, Red Delicious 138s 8.50; Tasmanian: Jonathans 8.20-8.50, Golden Delicious 7.20-7.50, Sturmer Pippins 8.00-8.40, Granny Smith 7.00-7.30; Chilean: Granny Smith large boxes 125/150s 7.60; South African: Golden Delicious 8.50-8.80, Starking 8.30-8.60, White Winters 125/180s 7.00-7.20, Granny Smith 7.20-7.40; French: Golden Delicious, boxes 40 lb 138/175s 5.20-5.60, 20 lb 2.70-2.90; Italian: Jonathans/Romes 40 lb 4.80-5.00. Pears—South African: Approx. 34 lb Beurre Bosc 7.00-7.20, Packham's 8.80-8.50; Italian: Passacrassane 12 lb 2.00. Grapes—South African: Barlinka 6.30, Golden Hill 7.50, Almeria 7.50. Strawberries—Per punnet, Italian: 0.30-0.37½; French: 0.35. Melons—Israeli: Yellow 10s 10.00-11.00, water-melons 6.00-6.50; Spanish: 8/11s 6.00-7.00. Avocados—South African: 3.50-3.80. Bananas—Jamaican: 28 lb, per pound 0.17-0.18. Tomatoes—Canary: 3.00-3.60; Dutch: 4.70-4.80; Guernsey: 4.40-4.80. Onions—Chilean: 5.30-5.40; Dutch: 5.80; Canary: 6.00. Chicory—Belgian: 5 lb 2.40. Potatoes—Egyptian: King Edwards 3.50-3.60; Cypriot: New crop 20 kg 3.30; Jersey: Per pound 0.40; Italian: 55 lb 4.50; Valencia: 44 lb 3.70; Majorcan: 44 lb 4.50. Carrots—Dutch: 10 kg 3.60; Cypriot: 2.80. Capsicums—Dutch: 7.20-7.50; Canary: 5.00-5.20. Beetroots—Cypriot: New crop, approx. 28 lb 3.50. Cabbages—Dutch: White 2.80-3.00. Asparagus: Hungarian: Per bundle 0.80. Cherries—French: Per pound 0.70.

English Produce: Potatoes—Per bag 2.20-2.40. Mushrooms—Per pound 0.40-0.50. Apples—Per pound Bramley 0.10-0.18, Laxtons 0.12-0.13. Swedes—Per 25/28 lb 0.60-0.70. Turnips—Per 28 lb 1.20. Carrots—Per bag 1.80. Cabbages—Per bag 1.30. Cauliflowers—Per 12s English 1.60-2.40. Cucumbers—Trays 16/20s 3.00-3.40, pirepack 16/20s 3.80-4.00. Tomatoes—Per 12 lb 4.40-4.80. Lettuce—Per pound round 1.40-1.50, Cos 2.50. Rhubarb—Per pound outdoor 0.05. Onions—Per bag 5.80-6.00. Beetroots—Per bag, round 1.80, long 2.50. Celery—English 12/30s 4.00-4.80. Asparagus—Per pound 0.90-1.20. Strawberries—English per ½ 0.20-0.25.

AMERICAN MARKETS

NEW YORK, May 19.

PRECIOUS METALS retreated on a lack of buying interest and lack of political news. Copper was mixed in a narrow range. Sugar advanced on short covering and moderate forward pricing. Coffee sold off as the threat of cold temepratures raised. Cocoa prices collapsed as doubts were expressed that producers could effectively support world marketp rices. Cotton prices were depresesd following good rains over the main producing areas. The livestock complex advanced moderately ahead of the U.S. holiday next Monday. Grain and soyabeans were higher on continued drought, reported Heinold.

Copper—May 87.20 (87.10), June 87.60 (87.40), July 88.40-88.55, Sept. 89.80, Dec. 91.40-91.50, Jan. 92.45, March 93.30, May 94.50, July 95.70, Sept. 96.90, Dec. 98.70, Jan. 99.30, March 100.50. Sales: 2,500.

Potatoes (round whites)—Nov. 70.8 (70.0), March 81.4-81.8 (——), April 88.0-88.7. Sales: 520.

Sugar—No. 11: July 33.65-33.80 (33.91), Sept. 34.66-34.70 (34.65), Oct. 34.95-35.00, Jan. 35.50-36.10, March 36.00-36.05, May 35.95, July 35.60-35.70, Sept. 35.50, Oct. 35.30-35.45.

Tin—765.00-775.00 asked (768.00-785.00).

CHICAGO, May 19.

Lard—Chicago loose 18.00 (same). New York prime steam 19.50 (same).

Live Cattle—June 65.05-64.90 (65.02), Aug. 65.40-65.30 (65.32), Oct. 64.00-64.10, Dec. 64.80-64.90, Jan. 65.60, Feb. 65.90, April 66.25.

Live Hogs—June 33.60-33.50 (33.35), July 35.60-35.70 (35.300), Aug. 35.42-53.50, Oct. 36.15-36.20, Dec. 39.25-39.35, Feb. 42.35, April 41.75, June 44.60, July 44.35.

‡‡Maize—May 272¼-271½ (271), July 279-279¾ (278½), Sept. 288¾, Dec. 295½-296, March 307½-308, May 315¼.

Pork Bellies—May 32.60 (31.65), July 3.80-33.70 (32.87), Aug. 33.50-33.40, Feb. 48.20-48.10, March 48.20, May 48.60, July 49.25, Aug. 48.50.

Silver—May 1200.0 (1240.0), June 1210.0 (1245.0), July 1217.0, Aug. 1235.0, Oct. 1260.0, Dec. 1285.0, Feb. 1310.0, April 1339.0, June 1360.0, Aug. 1385.0, Oct. 1410.0, Dec. 1435.0, Feb. 1460.0, April 1485.0, June 1510.0, Aug. 1535.0, Oct. 1561.0.

†Soyabeans—May 608½ (606½), July 620½-621½ (618¾), Aug. 629½, Sept. 636½, Nov. 650, Jan. 665, March 679, May 691.

‖Soyabean Meal—May 168.0 (168.3), July 172.0-172.2 (172.0), Aug. 174.6, Sept. 177.3, Oct. 180.0, Dec. 184.2, Jan. 185.5-186.0, March 190.0-190.3, May 193.0-194.0, July 196.5-197.5.

Soyabean Oil—May 20.80-20.85 (20.83), July 21.08-21.12 (21.10), Aug. 21.30-21.32, Sept. 21.50, Oct. 21.60, Dec. 22.20-22.15, Jan. 22.20, March 22.60, May 22.90, July 23.05-23.15.

†Wheat—May 420½ (407½), July 424-425 (413½), Sept. 437-437½, Dec. 454-455, March 468½, May 474.

Canadian markets were closed for a national holiday.

EUROPEAN MARKETS

ROTTERDAM, May 19.

Wheat—U.S. No. 2 Red Winter June $186.25, July $183.75, Aug. $186.75, Sept. $188. U.S. No. 2 Northern Spring 14 per cent May $198, June $199, July $199, Aug. $200, Sept. $201.50. Rest unquoted.

Maize—Afl. $139, May $137.50, June $137, July $139, Aug. $141.50, Sept $144, Oct./Dec. $146, Jan./March $154.

Barley—May $138, June $139.

Soyabeans—U.S. No. 2 Yellow Gulfports May $257.75, June $257.75, July $258.25, Aug. $261.75, Sept. $265.25, Oct. $266.75, Nov. $268, Dec. $271, Jan. $275.25, Feb. $281, March $283.75 sellers. Argentine May $252.75, June $253.50, July $254.25, Aug. $258 sellers.

Soyameal—44 per cent protein U.S. afl. $230, May $225, June $223, July $225, July/Sept. $226, Nov./March $239. Brazil Pellets afl. $226.50, June/July $228.50, Nov./March $248.

PARIS, May 19.

Cocoa (FFr per 100 kilos)—May 1080-1135, July 1145, Sept. 1135-1160, Dec. 1155-1157, March 1180-1200, May 1195-1235. Sales at call, 5.

Sugar (FFr per 100 kilos)—July 3300-3350, Aug. 3341-3348, Oct. 3435-3440, Nov. unquoted. Dec. 3530-3540, March 3575-3600, May 3600, July 3620. Sales at call, 37.

INDICES

FINANCIAL TIMES

May 16	May 15	M'nth ago	Year ago
271.71	272.36	281.92	276.09

(Base: July 1, 1952=100)

MOODY'S

May 16	May 15	M'nth ago	Year ago
1115.3	1130.2	1152.6	1056.0

(December 31, 1931=100)

DOW JONES

Dow Jones	May 16	May 15	Month ago	Year ago
Spot	440.72	431.99	431.99	388.53
F'tur's	442.51	439.13	439.13	395.77

(Average 1924-25-26=100)

REUTERS

May 19	May 16	M'nth ago	Year ago
1720.8	1721.9	1700.7	1579.8

(Base: September 18, 1931=100)

Fall forecast for aggregates

AN OVERALL fall in demand for aggregates has been forecast by the chairman of the Sand and Gravel Association, Mr. W. J. Sheppard, in his annual report for 1979. Production of sand and gravel had been marginally above 1978 levels said Mr. Sheppard, deputy chairman Hoveringham Graup. But because of "political changes" the prospect of the graph "continuing its upward gentle progression" was remote.

Oils vulnerable but close above worst on publication of down-graded Ninian Field production estimates

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Apr 28	May 8	May 9	May 19
May 12	May 28	May 30	June 9
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7

* "New time" dealings may take place from 9 am two business days earlier.

The dominant feature yesterday when stock markets began the second leg of the three-week trading Account was a sharp downturn in Oils following publication of down-graded production estimates for the North Sea Ninian Field. Dealers opened all equity prices lower after a weekend assessment of this news and the bleak economic scene depicted by the latest rise in inflation and last month's disappointing trade returns.

Oils were especially vulnerable in the light of recent sustained speculative enthusiasm for energy-related stocks. The initial sharp markdown failed to deter nervous selling, sometimes of sizeable proportions, and the tone weakened further before a rally finally set in. A report that the Ninian Field operator, Chevron, had described the lower production estimates as premature ensured maintenance of the recovery movement which left ICI only 4 down at 376p, after 370p, but British Petroleum 10 easier at 328p, after 324p. Of other interested parties, LASMO dropped to 585p before ending 28 lower on balance at 600p, while Cawoods lost 8 to 182p.

Preliminary results in excess of market predictions encouraged renewed investment support of Land Securities, up 12 at 342p, and many other Properties followed suit. With this exception, other equity sectors were easier for most of the session. However, the later recovery in Oils touched off a similar trend among leading shares which moved off the lowest levels and the FT 30-share index, which had been showing a fall of 3.7 at 3.00 pm, ended with its loss reduced to 1.9 at 433.8.

Gilt-edged securities trended a shade lower in the morning trade despite a certain amount of foreign interest in short-dated stocks. News of fresh U.S. Prime rate falls to 16 per cent saw demand improve and selling fade with the result that losses approaching ½ among long- and short-dated issues were eventually reduced to about ¼. Trade throughout in both sectors was described as thin.

The Traded options total of 513 deals was boosted by Land Securities which attracted 174 contracts on the preliminary results. Racal were also active, recording 107 trades.

C. E. Heath easier

Sporadic small offerings in front of today's preliminary results brought about a fresh fall of 5 to 202p in C. E. Heath. Elsewhere in Lloyds brokers, Stenhouse cheapened a penny to 74p ahead of tomorrow's interim figures, while C. T. Bowring rose 4 to 157p. Down 18 last week following the disappointing first-quarter figures, General Accident remained friendless at 242p, down 2.

Reflecting the increased interim profits, ANZ rose 5 to 220p but Allied Irish cheapened 2 to 100p ahead of tomorrow's preliminary results. Elsewhere in a lethargic banking sector, Cater Ryder, 338p, and Hambros, 373p, cheapened 5 apiece.

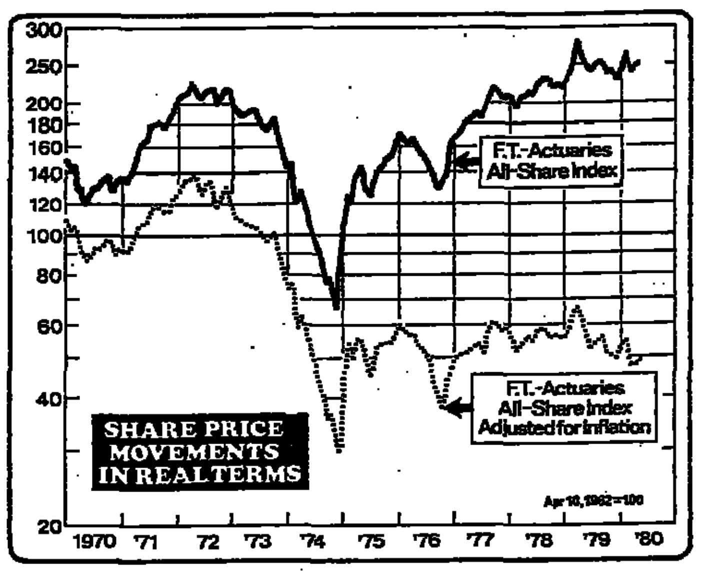
Business in Buildings was slow. Among the scattered irregular movements, Aberdeen Construction and Tilbury Contracting added 5 apiece to 107p and 180p respectively, but Taylor Woodrow eased 4 to 376p. Helical Bar improved 2 and Cakebread Robey ½ to the common price of 32p following trading statements. Small selling in a thin market left Tunnel "B" 10 off at 208p, but Baggeridge Brick, still benefiting from increased half-yearly profits, firmed 4 to a 1980 peak of 60p. In Timbers, speculative favourites Mallinson-Denny, 71½p, and Montague L. Meyer, 98p, shed 2½ and 3 respectively, but Magnet and Southerns put on 6 to 169p.

Production problems in the North Sea Ninian Field where the company has a near-20 per cent stake continued to unsettle ICI which fell to 370p before settling at 376p for a net loss of 4. Other Chemicals also trended easier, where changed, with Fisons a couple of pence cheaper at 285p.

Quiet conditions again prevailed among leading Stores. Weekend Press mention clipped a couple of pence from British Home Stores, 284p, while similar falls were seen in House of Fraser, 148p, Mothercare, 238p, and GUS "A," 394p. Debenhams, preliminary results due next Thursday, eased the turn to 67p. Secondary counters were featured by Readicut International which were marked 5 lower at 19½p on the halved annual profits and reduced dividend. Polly Peck, on the other hand, met revived speculative buying and firmed 6 to 42p. Jewellers H. Samuel eased 2 to 136p following the cautious statement that accompanied the full-year results. Time Products gained 3 to 68p after Press comment, *but the chairman's annual* statement left Home Charm 4 cheaper at 116p. Support was also lacking for Arthur Henriques, 3 down at 47p, and for Lee Cooper, 5 off at 248p. Shoes were generally easier. Stylo fell 5 to 155p, while K, interim expected today, shed a penny to 61p. Booth (International) remained depressed by last week's annual loss and gave up 3 more to 30p.

An otherwise drab day in the Electrical market was featured by a jump of 16 to 62p in Laurence Scott on news that Rowe and Pitman is acquiring through the market an approximate 25.9 per cent holding in the company at 60p per share. Elsewhere, the majority of movements were usually against holders.

Weekend Press comment on the recent resignation of Dr. B. Willetts unsettled Vickers which touched 111p before settling at 112p for a loss of 2 on the day. Other leading engineers, however, closed rarely altered after another extremely quiet day's trading. Elsewhere, C. and W. Walker fell 3 to 37p on the substantial fall in annual profits, while Evered eased 2 to 19p in response to the pre-tax loss for the year. Other scattered dull spots included British Aluminium, 195p, and APV, 180p, down 5 apiece, and Acrow "A," 3 lower at 31p.



Among Foods, British Sugar put on 4 to 206p on hopes of a counter bid to S. and W. Berisford's £120m offer.

Reo Stakis touched 44p in initial response to the interim results, but drifted back to close *a fraction cheaper on balance at* 42p.

Dobson Park up late

Miscellaneous industrial leaders starterd the week on a quietly dull note. Prices drifted lower on lack of support and closing falls ranged to 4, Bowater *going up that much to 168p along* with Unilever, 402p. Reed International declined 3 to 174p and BOC International eased the turn to 65p, after 64p; the latter's interim results are due tomorrow. Elsewhere, Dobson Park attracted late buying interest and closed 5 to the good at 107p; the interim figures are due soon. Reflecting the sharp increase in first-half profits, J. H. Fenner moved up 4 to 130p, while Thomas Jourdan hardened 2 to 54p in response to Press comment. Avon Rubber eased a couple of pence to 118p ahead of tomorrow's interim figures and Movitex dipped a penny to 11p, after 10½p, on the announcement that terms have been outlined by City Road Services for the settlement for the repayment of £100,000 owed by Movitex. Investment support lifted Sothebys 6 more to 483p, while Rshley Industrial Trust added 4 to 55p and Johnson Matthey gained 5 to 275p. Edward Le Bas firmed 3 to 57p, but profit-taking after the recent North Sea oil inspired rise left Cawoods 8 lower at 182p.

Management Agency and Music shed 10 to 133p, after 131p, on the lower interim profits and the Board's warning about full-year prospects. Elsewhere in the Leisure sector, Barr and Wallace Arnold Trust A encountered selling and gave up 9 to 93p.

Motor sectors again plotted an irregular course in quiet trading. Adverse Press comment unsettled recent bid favourite Fodens which opened sharply lower at 38p; buying was seen at this level, however, and the close was only3 easier on balance at 42p. Plaxtons (Scarborough), interim today, added a penny to 179p, but York Trailer shed that much to 20p. Among Components, Dunlop attracted renewed speculative support and rallied a couple of pence to 72p, but both Dowty, 181p, and Lucas, 221p, lacked support and fell 8 and 3 respectively.

The shake-out in Oils spread to thos Newspaper concerns with North Sea oil interests. International Thomson fell 13 to 400p, while Associated gave up 7 to 286p. Dealings in News International were suspended at 163p, down 5, pending an announcement. Portsmouth and Sunderland, annual results on Friday, eased 2 to 80p while, among advertising issues, Geers Gross added 2 to 47p following news of a $2.3m U.S. acquisition.

A weekend Press recommendation to take profits led to early dullness in Property shares, but Land Securities, which dipped to 325p at one stage, rallied strongly on the preliminary results and property revaluation and closed *12 higher on balance at 342p.* The announcement encouraged a firmer trend among other issues where early falls were substantially reduced and sometimes erased. MEPC closed a penny harder at 213p, after 209p, while Haslemere Estates reverted to the pre-weekend level of 332p, af ret ImdTtyH Pzl(tItd,324p after 324p. Elsewhere, U.K. Property firmed 1½ to 36½p on a Press suggestion that Schlesinger, which holds over 60 per cent of the equity, is planning to bid for the minority. Rush and Tompkins, however, eased 4 to 180p, despite a favourable mention, while Fairview Estates shed 10 to 248p.

Weekend Press comment suggesting that the boom in Oil companies profits is over coupled with the downgrading of Ninian Field production estimates set the seal for a sharp reversal in Oil shares yesterday, with exploration issues particularly vulnerable to selling. A sharp markdown at the start failed to deter offerings and prices eased further before rallying to close above the worst. Final losses, however, were still substantial. Lasmo, which has an interest in Nninian, ended 28 lower at 600p, after 585p. Candecca fell 17 to 143p and Carless Capel 13 to 133p, while Clyde dipped 55 to 533p and Berkeley Exploration 22 to 178p. Tricentrol lost 16 to 346p. Leading issues were comparatively steady, although BP, also involved in Nninian, gave up 10 to 328p. Following the agreed bid of 10p cash per share, dealing resumed in Steaua Romana which touched 22p before settling at 21p compared with the suspension price of 15p.

Golds edge higher

Mining markets made a quiet start to the week. South African Golds edged higher in subdued trading, despite the marginal decline in the bullion price. Most of the buying demand came from Johannesburg and New York and was directed towards companies due to declare dividends in June. The Gold Mines index put on 3.6 to 308.2, while the bullion price eased $2 to $514.50 an ounce.

Among the heavyweights, Vaal Reefs were outstanding and finally ¾ better at £25¾, while St. Helena added ¼ to £14¼ and President Brand and President Steyn ¼ apiece at £16 and £14¼.

Financials were mixed. South Africans moved up in line with Golds. Gold Fields of South Africa added ¼ at £31¾, while "Amgold" closed ¾ to the good at £34¼.

London Financials gave ground with the exception of Rio Tinto-Zinc which hardened 2 to 365p in response to favourable weekend Press mention.

10 off at 280p, while Selection Trust gave up 6 to 668p, Gold Fields 4 to 461p and Charter 2 to 148p.

Platinums improved following Press comment suggesting possible producer price rises. Rustenburg attracted most interest and touched 222p prior to closing a net 7 firmer at 219p, while Impals put on 4 to 272p.

Australians held steady reflecting the trend in overnight domestic markets. Vague rumours concerning the Ashton venture encouraged good support for Vonzinc Riotinto, which closed 7 firmer on balance at 2963p, after 266p. Ashton Mining, on the other hand, closed a fraction easier at 129p.

FT-Actuaries indices

In last Saturday's issue, the British Government Under 5 years and All Stocks indices for Friday May 16 were in error. They should have been shown as 103.45, up 0.14 per cent, and 107.74, up 0.18 per cent, respectively.

The yields on low coupon stocks were also miscalculated and have been corrected in today's display.

FINANCIAL TIMES STOCK INDICES

	May 19	May 16	May 15	May 14	May 13	May 12	A year ago
Government Secs.	67.61	67.76	67.67	67.84	68.12	67.64	72.68
Fixed Interest	68.08	68.10	68.02	67.94	67.92	67.43	74.39
Industrial	433.8	435.7	437.8	440.0	438.9	434.2	510.7
Gold Mines	308.2	304.6	302.1	298.5	291.2	297.1	181.3
Ord. Div. Yield	8.18	8.12	8.06	8.05	8.09	8.17	5.77
Earnings, Yld. % (full)	19.94	19.81	19.66	19.66	19.81	20.00	15.49
P/E Ratio (net) (*)	6.09	6.13	6.17	6.17	6.12	6.06	8.09
Total bargains	18,225	17,128	18,498	17,505	21,354	16,141	—
Equity turnover £m	—	81.65	92.96	123.65	112.14	103.54	102.48
Equity bargains total	—	11,213	13,615	13,172	15,456	14,103	17,450

10 am 432.2. 11 am 432.9. Noon 432.1. 1 pm 432.2. 2 pm 432.1. 3 pm 432.0.

Latest Index 01-246 8026.

*Nil=5.70.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.26 (21/1)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.61 (21/1)	64.70 (10/3)	150.4 (28/11/47)	50.35 (3/1/75)
Ind. Ord.	479.8 (13/2)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (29/2)	265.5 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	May 19	May 16
—Daily		
Gilt Edged	121.0	104.6
Industrials	108.8	95.3
Speculative	25.6	19.9
Totals	76.6	67.1
5-day Av'ge.		
Gilt Edged	108.9	102.4
Industrials	101.0	100.5
Speculative	23.5	23.0
Totals	72.9	72.5

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (30)

AMERICANS (2)

BANKS (2)

BUILDINGS (5)

STORES (1)

ELECTRICALS (3)

INDUSTRIALS (7)

MOTORS (2)

PROPERTY (2)

Land Securities — Land Securities 5½pc Cnv. '83

TEXTILES (1)

Snia Viscosa

TRUSTS (2)

Centreway Trust — Mercantile House

OILS (1)

Silkolene

OVERSEAS TRADERS (2)

Steel Brothers — Warren Plants.

TEAS (1)

Assam Invs.

NEW LOWS (47)

[illegible]

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	300	46	1	54	[illegible]	[illegible]	[illegible]	[illegible]
BP	330	26	—	36	[illegible]	[illegible]	[illegible]	
BP	360	15	6	24	[illegible]	[illegible]	[illegible]	
GEC	390	13	—	27	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	130	3½	2	8½	[illegible]	[illegible]	[illegible]	[illegible]
ICI	360	28	8	38	[illegible]	[illegible]	[illegible]	[illegible]
ICI	390	11	6	21	[illegible]	[illegible]	[illegible]	
ICI	420	4	2	10	[illegible]	[illegible]	[illegible]	
Land Secs.	300	43	34	58	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	330	19½	43	38	[illegible]	[illegible]	[illegible]	
Land Secs.	360	7	84	19	[illegible]	[illegible]	[illegible]	
Marks & Sp.	90	4	—	8½	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	100	2	5	4½	[illegible]	[illegible]	[illegible]	
Shell	360	23	1	40	[illegible]	[illegible]	[illegible]	[illegible]
Shell	390	10	26	22	[illegible]	[illegible]	[illegible]	
Shell	420	4	5	12	[illegible]	[illegible]	[illegible]	
Totals			223		[illegible]		[illegible]	
		May		August		November		
Imperial Gp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal Elec.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal Elec.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Racal Elec.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Racal Elec.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
RTZ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Totals			[illegible]		[illegible]		[illegible]	

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Mon., May 19, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., May 16 Index No.	Thurs., May 15 Index No.	Wed., May 14 Index No.	Tues., May 13 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	236.53	−0.3	18.51	6.77	6.71	237.32	237.45	237.15	236.76	267.47
2	Building Materials (28)	231.97	−0.1	18.45	7.02	6.69	232.25	231.10	232.83	232.86	250.42
3	Contracting, Construction (27)	351.86	—	26.30	6.87	4.57	351.79	353.09	351.68	349.80	405.97
4	Electricals (16)	621.64	−0.7	13.46	4.06	9.64	625.81	625.95	620.37	620.07	654.87
5	Engineering Contractors (11)	273.59	−0.1	24.67	9.47	5.20	273.77	275.86	274.82	274.07	392.64
6	Mechanical Engineering (74)	158.65	−0.5	20.59	8.25	5.98	159.37	159.48	159.75	159.24	196.11
8	Metals and Metal Forming (16)	162.27	+0.1	21.15	10.07	5.73	162.04	163.09	163.36	163.07	188.53
11	CONSUMER GOODS (DURABLE) (49)	214.45	−0.9	15.24	5.96	8.03	216.31	217.71	218.31	216.48	244.57
12	Lt. Electronics, Radio, TV (14)	308.63	−0.8	11.80	4.33	10.83	311.17	312.71	313.35	310.81	334.67
13	Household Goods (14)	101.65	−3.1	29.08	10.92	4.06	104.87	106.06	106.30	106.25	173.36
14	Motors and Distributors (21)	103.82	−0.5	22.05	9.51	5.26	104.35	105.36	105.88	104.72	123.80
21	CONSUMER GOODS (NON DURABLES) (172)	215.29	−0.4	18.94	7.36	6.39	216.18	216.73	217.68	217.61	245.78
22	Breweries (14)	277.47	—	15.96	6.34	7.36	277.36	278.58	280.04	281.00	284.55
23	Wines and Spirits (5)	293.15	+0.3	18.58	6.37	6.63	292.37	296.07	296.96	296.63	307.45
24	Entertainment, Catering (17)	290.36	+0.1	19.49	7.48	6.31	289.97	288.64	292.59	292.80	324.25
25	Food Manufacturers (21)	189.03	−0.6	20.79	7.79	5.65	190.17	190.88	191.95	193.87	224.57
26	Food Retailing (13)	303.51	−0.3	14.22	5.10	8.31	304.52	306.11	305.42	303.70	300.08
32	Newspapers, Publishing (13)	418.39	−1.9	22.62	6.99	5.92	426.44	425.14	426.38	416.66	465.93
33	Packaging and Paper (15)	127.06	−1.1	25.55	9.21	4.77	128.50	129.02	129.69	130.38	144.45
34	Stores (42)	212.35	−0.3	14.45	5.72	8.86	212.94	213.02	213.26	212.80	246.91
35	Textiles (24)	125.79	−1.3	27.57	12.25	4.55	127.41	126.78	127.10	126.37	179.13
36	Tobaccos (3)	200.67	−1.0	29.02	12.23	3.91	202.65	204.02	205.96	203.58	249.50
37	Toys and Games (5)	27.31	—	44.84	17.76	2.64	27.31	28.17	28.35	27.45	75.63
41	OTHER GROUPS (99)	203.42	−0.6	17.82	7.34	6.67	204.57	206.43	206.63	205.62	218.63
42	Chemicals (16)	305.67	−0.9	20.53	7.84	5.59	308.31	313.41	315.42	313.71	299.71
43	Pharmaceutical Products (7)	182.99	−0.1	13.76	7.32	8.81	183.18	184.86	185.39	184.25	252.60
44	Office Equipment (6)	108.37	−0.9	19.79	7.66	5.83	109.31	109.49	108.88	108.81	133.01
45	Shipping (10)	508.67	−0.4	13.66	6.95	8.96	510.81	509.05	502.01	501.49	463.96
46	Miscellaneous (60)	247.22	−0.5	17.32	6.89	7.12	248.38	249.69	249.35	248.07	258.86
49	INDUSTRIAL GROUP (492)	224.68	−0.5	18.29	7.10	6.64	225.71	226.60	227.84	226.51	252.12
51	Oils (8)	734.93	−2.2	31.31	7.01	3.53	751.67	760.99	777.76	747.93	633.55
59	500 SHARE INDEX	265.07	−0.8	21.00	7.08	5.61	267.30	268.82	270.50	267.76	283.38
61	FINANCIAL GROUP (118)	198.83	−0.4	—	6.18	—	199.54	200.32	202.40	202.40	197.82
62	Banks (6)	210.81	−0.1	46.45	7.30	2.64	211.06	212.01	213.84	215.27	235.25
63	Discount Houses (10)	246.40	−0.1	—	7.89	—	246.75	245.72	245.51	244.02	240.65
64	Hire Purchase (5)	196.11	−0.4	16.75	5.06	7.75	196.81	204.10	205.19	208.57	187.28
65	Insurance (Life) (10)	178.22	−0.7	—	7.15	—	179.49	177.54	181.99	181.91	162.71
66	Insurance (Composite) (9)	125.25	−1.4	—	8.59	—	126.99	126.56	130.48	131.15	135.79
67	Insurance Brokers (10)	298.41	−0.2	15.84	6.86	8.77	298.96	298.29	296.49	296.29	289.88
68	Merchant Banks (14)	105.40	−0.4	—	5.84	—	105.81	105.61	106.15	105.95	100.19
69	Property (45)	398.03	+0.2	3.35	2.75	42.49	397.43	402.79	402.56	398.16	346.68
70	Miscellaneous (9)	129.46	+0.3	20.24	7.30	6.29	129.11	130.47	130.17	130.56	126.68
71	Investment Trusts (109)	218.72	−0.9	—	6.14	—	220.72	220.68	220.28	217.69	229.16
81	Mining Finance (4)	185.46	−0.3	14.34	5.32	8.45	185.95	187.68	187.57	183.86	138.58
91	Overseas Traders (19)	380.52	−0.2	13.13	7.11	9.31	381.41	379.86	382.05	380.43	359.75
99	ALL-SHARE INDEX (750)	249.37	−0.7	—	6.82	—	251.19	252.42	254.02	251.85	260.07

FIXED INTEREST PRICE INDICES

	British Government	Mon., May 19	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	103.45	−0.01	—	4.02
2	5-15 years	108.15	−0.16	—	4.15
3	Over 15 years	112.14	−0.13	—	4.81
4	Irredeemables	130.11	−0.42	—	6.08
5	All stocks	107.63	−0.10	—	4.31

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Mon., May 19	Fri., May 16	Year ago (approx.)
1	Low Coupons	5 years	12.30	12.28	9.95
2		15 years	12.24	12.22	10.70
3		25 years	12.24	12.22	11.23
4	Medium Coupons	5 years	14.11	14.08	11.59
5		15 years	13.91	13.88	11.97
6		25 years	13.72	13.69	12.11
7	High Coupons	5 years	14.18	14.15	11.88
8		15 years	14.25	14.22	12.34
9		25 years	14.09	14.07	12.36
10	Irredeemables		11.22	11.17	11.08

		Mon., May 19 Index No.	Mon., May 19 Yield %	Fri. May 16	Thurs. May 15	Wed. May 14	Tues. May 13	Mon. May 12	Fri. May 9	Thur. May 8	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	51.29	†14.43	51.30	51.30	51.28	51.28	51.17	50.67	50.65	61.04
16	Investment Trust Prefs. (15)	47.64	14.17	47.68	47.68	47.45	47.45	47.60	47.65	47.69	50.26
17	Coml. and Indl. Prefs. (20)	61.63	14.51	61.71	61.49	61.49	61.33	61.19	61.66	61.58	75.14

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
LASMO	25p	18	600	−28	665	337
Carless Capel	10p	11	133	−13	158	75
Premier Cons.	5p	8	84	− 9	98	39½
Charterhall	5p	7	69	− 6	86	57
BP	25p	6	328	−10	412	320
KCA Intl.	25p	6	80	− 8	94	41
Maple	10p	6	35	—	36	17½
Tricentrol	25p	6	346	−16	368	250
Unilever	25p	6	402	− 4	480	388
MEPC	25p	5	213	+ 1	220	157
RTZ	25p	5	365	+ 2	485	327
Shell Transport	25p	5	370	− 4	410	314
ICI	£1	4	376	− 4	402	353
NatWest Bank	£1	4	320	—	373	305
Neil & Spencer	10p	4	114	− 2	116	98

OPTIONS

DEALING DATES

First Dealing	Last Dealing	Last Declaration	For Settlement
May 19	Jun. 6	Aug. 28	Sept. 8
Jun. 9	Jun. 20	Sept. 11	Sept. 22
Jun. 23	Jul. 4	Sept. 25	Oct. 6

For rate indications see end of Share Information Service.

Stocks favoured for the call included Lonrho, Dunlop, Courtaulds, Rustenburg Platinum, Town and City, Premier Oil, Shell Transport, GEC, Lasmo, UK Properties and KCA. Puts were done in Carless Capel, Premier Oil and Berkeley Hambro, while a double was arranged in Siebens (UK).

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	46.2	49.7	+0.3	2.01
Abbey Capital	36.1	39.0	-0.2	5.50
Abbey General	46.8	50.0	-0.3	6.23
Abbey Gilt & F.I. Tst.	105.7	111.3		9.64
Abbey Income	41.0	44.3	-0.1	8.85
Abbey Intl. Bd. Tst.	95.7	100.7	-0.4	5.46
Abbey Inv. Tst. Fnd.	37.9	41.8	-0.2	6.09
Equitas Prog. Trust	69.2	74.8	+0.2	5.99

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt & Pref	85.1	90.6		13.23

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	75.4	80.7	-0.5	6.57
Brit. Inds. Fund	67.5	72.2	-2.8	7.01
Growth & Income	41.7	44.6	-0.3	5.65
Elect. & Ind. Dev.	36.8	39.4	-0.3	6.22
Allied Capital	76.6	82.0	-0.6	5.67
Hambro Fund	117.4	125.6	-0.7	6.43
Hambro Acc. Fund	143.7	153.8	-1.1	5.85

Income Funds

High Yield Fd.	65.0	69.5	-0.3	10.43
High Income	69.1	73.9	-0.3	8.25
A. H. Eq. Inc.	40.8	53.7	-0.1	8.22

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL.

Disc. Inc. May 9	200.6	213.9	

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA

Great Winchester	17.0	18.7	
Gt. Winchester O'seas	21.0	23.4	

Emson & Dudley Tst. Mngmnt. Ltd.
20 Albemarle St., W1.

Emson-Dudley Tst.	68.1	73.2	

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe.

Equity & Law	72.6	76.4	-0.4

Fidelity International Management
62-63, Queen St., London, EC4R 1AD.

American	22.8	24.0	
Fixed Interest	25.0	26.4	
Growth + Income	29.5	31.7	-0.2
Special Sits.	29.8	30.6	-0.2

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow.

J. Finlay Internat'l	27.0	29.0	
Accum. Units	33.2	35.7	
J. Finlay High Income	31.6	34.0	
J. Finlay Euro.Fin.	21.4	23.0	
Accum. Units	26.7	28.7	
J. Finlay Fd.In.Tst.	33.3	35.8	
Accum. Units	41.1	44.2	

Prices on May 14. Next dealing May 21.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ.

American May 19	50.0	53.4	+1.2
Am. T'around May 19	49.4	52.8	+0.2
Capital Tst.	52.6	56.2	
(Accum. Units)	53.6	57.0	
Extra Income Trust	47.6	50.8	
Income Tst.	36.2	38.6	
Int. Growth Fd.	42.6	45.4	+0.2
(Accum. Units)	45.2	48.2	

Friends' Provdt. Unit Tr. Mgrs.♥

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or −	Int.	Yield Red.
60	56½	Agric. Mt. 5pc '59-89	59½	......	8.51	12.79
79½	73½	Alcan 10½pc '89-94..	79½	......	13.83	14.65
28¼	25	Met. Wtr. 3pc 'B'.....	27¼	......	11.36	15.37
102	89	U.S.M.C. 9pc 1982....	96	......	9.79	—
90½	85½	Do. without Warrants	90½	......	10.44	16.40

LOANS—Continued

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
£76½	£56	Algemene Fl.100	£65½	+½	Q25%	1.9	7.7	7.8
360	290	Allen Harvey £1..	350	......	21.5	—	8.8	—
128	100	Allied Irish......	100	−2	hQ8.09	—	7.8	—
17	13	Ansbacher (H.) 5p.	15¾	......	—	—	—	—
230	180	Arbuthnot L. £1	230	......	†10.42	—	6.5	—
360	295	Bk. Ireland £1..	295	......	Q23.51	—	8.0	—
£162	£145	Do. 10pc Conv...	£145	......	Q10%	—	f7.0	—
*8	5	Bk. Leumi $0.1	6	......	Q014%	—	1.9	—
120	100	Bk. Leumi (UK) £1.	120	......	8.57	—	10.7	—
178	137	Bk. N.S.W. $A1..	143	+2	Q16c	ϕ	5.8	ϕ
305	235	Bank Scotland £1	243	......	15.0	5.1	8.8	3.1
£20¼	£16¼	Bankers N.Y.$10	£20⅛	+½	Q$3.30	—	7.4	—

BANKS & HP—Continued

Hire Purchase, etc.

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FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

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FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

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INDUSTRIALS—Continued

1980 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's	P/E
33	22	Hirst Mal'son 20p	24	—	2.6	1.4	15.5	(4.6)
80	75	Holden (A.)	80	—	†4.0	3.4	7.1	5.6
51	44	Hollis Bros	44	—	†5.12	1.8	16.6	4.2
256	217	Holt Lloyd Int. 10p	236	−2	9.5	ф	5.9	ф
182	120	Hoover 'A'	175	+2	12.0	0.9	9.8	(10.1)
110	95	Hoskins & H 20p	110	—	8.0	1.5	10.9	7.6
*80	54	Howard Tenens	62	—	b2.28	—	5.3	—
375	230	Hunting Assoc.	345	−5	5.0	ф	2.1	ф
90	66	Huntleigh 10p	78	—	1.19	2.8	2.2	18.6
87½	61	Hutch Whamp SHK1	81	+½	Q28c	ф	3.6	ф
25½	18	Hyman (I. & J.) 5p	18½xd	—	1.25	ф	9.7	ф
£11⅝	945	I.C. Industries$1	£11	—	Q$2.00	—	8.2	—
145	111	ICL	139	—	2.97	6.9	3.1	5.2
32	24	Ingall Inds. 10p	24	—	2.27	1.7	13.5	7.0
134	107	Initial Services	131	—	†5.5	2.5	6.0	7.7
18	10	Inter-City 20p	11	—	0.6	ф	7.8	ф
57	42	J. B. Holdings 10p	42	—	3.0	2.1	10.6	6.3
150	120	Jacksons Bourne	120	—	†‡3.0	9.9	3.6	13.4
18½	14½	James (M.) Ink. 20p	18½	—	20.75	3.3	5.8	11.1
149½	108	Jardine M. SHK5	137	—	MQ82c	ф	5.6	ф
29	21½	Jentique	22	—	2.48	1.6	16.1	4.1
7	4½	Johnson & Barnes	5	—	—	—	—	1.9
180	135	Johnson Clnrs.	155	—	6.2	3.8	5.7	5.0
300	205	Johnson Mthy. £1	275	+5	†8.5	2.9	4.4	9.4
57	39½	Jourdan (T.) 10p	54	+2	4.2	0.6	11.3	20.9
75	63	Kalamazoo 10p	63	—	3.75	1.6	8.5	10.6
138	98	Kelsey Inds.	126	−2	6.0	4.1	6.8	5.1
72	53	Kennedy Sm. 10p	62	—	t2.8	3.7	6.4	6.2
362	225	Kershaw (A.) 5p	290	—	b21.75	0.6	10.7	(18.0)
76	69	Kode-E-Ze Hldgs.	76	+1	d4.5	2.1	8.5	7.9
82	67	L.C.P. Hlds	75	—	††3.67	2.3	7.0	7.8
28	16	L.K. Ind'l. Ins.	18	—	1.5	—	11.9	—

INSURANCE—Continued

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Sri Lanka

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Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
25	21	Acmex 50c	23	.....	—	—	—
24	22	ACM 20c	15	.....	—	—	—
86	52½	Bond Corp.	60	.....	kQ2.8c	2.2	2.4
156	88	Bougainville I Kina	103	−1	[illegible]	ф	14.4

Tins

Copper

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
235	130	Messina R0.50	184xd	.....	mQ10c	ф	3.1

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
165	78½	Anglo-Dominion	365	.....	—	—	—
97	57	Barymin	57	.....	—	—	—
16	12	Burma Mines 17½p	15	.....	0.62	ф	6.0
502	320	Cons. Murch. 10c	340	.....	MQ100c	1.8	16.8
585	325	Northgate C$1	535	−10	—	—	—
465	327	R.T.Z.	365xd	+2	15.0	q3.3	5.9
33	16	Robert Mines	22½	−1	—	—	—
58	26	Sabina Inds. C$1	34	−1	—	—	—
650	411	Tara Exptn. $1	420	−7	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✤ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	29	.....			
Bertam	29	.....	Conv. 9% '80/82	£97¾	+¼
Bdg'wtr. Est. 50p	415	−5	Nat. 9¾% 84/89	£75¾	+¼
Clover Croft	60	.....	Fin. 13% 97/02	£89¼	+¼
Craig & Rose £1	£107½	.....	Alliance Gas	43	.....
Fife Forge	34	.....	Arnott	370xd	.....
Finlay Pkg. 5p	18	.....	Carroll (P.J.)	52	.....
Graig Ship. £1	£15	−1	Clondalkin	115	.....
Higsons Brew	80xd	.....	Concrete Prods.	75	.....
Holt (Jos) 25p	252	.....	Helton (Hldgs.)	35	.....
I.O.M. Stm. £1	160	.....	Ins. Corp.	245	.....
Pearce (C. H.)	455xd	.....	Irish Ropes	60	.....
Peel Mills	46	.....	Jacob	30	.....
Sheff. Refrshmt	103	.....	T.M.G.	100	.....
Sindall (Wm.)	155	.....	Unidare	100	.....

OPTIONS

3-month Call Rates

Industrials					
A. Brew	8	I.C.I.	32	Utd. Drapery	9
BOC Intl.	6	"Imps"	7	Vickers	14
B.S.R.	5	I.C.L.	45	Woolworths	6½
Babcock	12	Inveresk	5		
Barclays Bank	30	Ladbroke	15	**Property**	
Beecham	13	Legal & Gen.	14	Brit. Land	7
Blue Circle	25	Lex Service	10	Cap. Counties	9
Boots	17	Lloyds Bank	24	Land Secs.	25
Bowaters	16	"Lots"	3½	MEPC	17
B.A.T.	25	London Brick	6	Peachey	13
Brown (J.)	7	Lucas Inds.	20	Samuel Props.	12
Burton 'A'	22	"Mams"	14	Town & City	2
Cadburys	5½	Mrks. & Spncr	9		
Courtaulds	8	Midland Bank	30	**Oils**	
Debenhams	8	N.E.I.	5	Brit. Petroleum	38
Distillers	21	Nat. West. Bank	32	Burmah Oil	20
Dunlop	5½	P & O Dfd.	9	Charterhall	12
Eagle Star	14	Plessey	16	KCA	11
F.N.F.C.	2½	Racal Elect.	20	Premier	12
Gen. Accident	21	R.H.M.	4½	Shell	35
Gen. Electric	30	Rank Org.	18	Tricentrol	35
Glaxo	40	Reed Intnl.	17	Ultramar	50
Grand Met.	12	Sears	5½		
G.U.S. 'A'	30	Tesco	7	**Mines**	
Guardian	23	Thorn	25	Charter Cons.	18
G.K.N.	22	Trust Houses	14	Cons. Gold	52
Hawker Sidd.	16	Tube Invest.	27	Lonrho	12
House of Fraser	12	Unilever	40	Rio T. Zinc	35
		U.D.T.	6		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

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FINANCIAL TIMES
Tuesday May 20 1980

AWARD FUELS PUBLIC SECTOR PAY ROW AS BASNETT REFUSES WAGE RESTRAINT

Doctors, dentists win 30% rise

BY PAULINE CLARK AND RICHARD EVANS

BRITAIN'S 84,000 doctors and dentists are to receive a 31.4 per cent pay rise—an award which can be expected to fuel the controversy over public sector pay and comparability exercises.

The award came on the day the Government launched a review of its sector pay strategy.

Mrs. Thatcher called a meeting of eight senior colleagues at Downing Street to discuss how to get across the message that claims aimed at beating inflation irrespective of an industry's circumstances, were totally unrealistic.

In spite of the increasing anxieties of many Conservative MPs. Ministers insist there is no question of a U-turn and the re-imposition of a formal incomes policy.

Mrs. Thatcher is pinning her hopes in the next pay round on strict cash limits throughout the public sector.

The hope is that these will force lower settlements despite the high level of inflation, but there is no question of setting a "norm" of about 10 per cent as has been suggested.

The doctors' and dentists' rises, costing £312m and recommended by the profession's independent pay review body, angered health service trade union leaders.

They warned that they were no longer prepared to accept a nurses' pay settlement — more than a month overdue — within the 14 per cent NHS cash limit.

Mr. Alan Fisher, general secretary of the National Union of Public Employees, attacked the doctors' award for showing "clearly that the Government has made doctors and dentists a special case at the expense of the whole NHS."

Under the new recommendations, the pay of general practitioners will rise by £4,000 to more than £16,000 a year, top hospital consultants will earn almost £20,000 a year, and dentists' pay will increase to £14,674 a year.

The award is made up of two increases designed to bring the groups' pay into line with other comparable professions.

These include a 10.7 per cent increase owed since 1978 and another 18.7 per cent for this year's pay round.

Health Department officials said yesterday the Government was ready to accept the rises.

Those for hospital doctors would be found out of "global" cash limits

Dr. John Harvard, secretary of the British Medical Association, said the increases would "do no more and no less than to honour the undertaking given by Mr. Callaghan two years ago that the pay of doctors and dentists working the NHS would be brought full up to date by April 1, 1980."

Editorial comment, Page 18

Unions pledge no help

By Christian Tyler, Labour Editor

TWO LEADING trade union moderates yesterday declared there could be no co-operation with the present Government, as the TUC formally claimed its day of political protest last week to have been a much bigger success than reported.

But Mr. Frank Chapple of the electrical union (EEPTU) condemned the "Day of Action" and called for a new initiative from Ministers that could lead to co-operation between Government and unions. As often in the past, Mr. Chapple's forthright views have put him at loggerheads with the TUC establishment.

The gravest warning came from Mr. David Basnett, chairman of the TUC Economic Committee, who said unions would make no effort to restrain their wage demands so long as the Government continued with its present economic industrial policies.

Unions had lost much of their political influence, he told the conference of his union, the General and Municipal Workers union (GMWU) in Bournemouth.

But the queston now was how unions should use their industrial strength to reassart that influence.

Mr. Tom Jackson of the Union of Post Office Workers (UPW) said that a dialogue with the present Government would be pointless because it was not prepared to make any trade-off.

"There can be no co-operation in economic affairs, no tripartite planning, no concerted action, no consensus with a Government which has set out on this sectarian road," he said.

The main lesson of the Day of Action had been that union leaders were "not connected up" with their membership.

That would have to be corrected by a more forceful education campaign.

Mr. Chapple told an industrial conference of the Electricians in Eastbourne: "In one respect the Day of Action has cleared the way for a new initiative. But the Government must push the boat out and the General Council must be big enough to share the rowing."

He castigated the day itself, which, he said, had laid the TUC open to extreme Left-wing domination. He accused union leaders of being militant in public but moderate in private.

The TUC should "stop wasting the precious loyalty of union members in futile gestures." Political strikes were impressive on the streets, but a sign of weakness on the shop floor.

Details, Page 11

Citibank starts new UK scheme

By Michael Lafferty, Banking Correspondent

CITIBANK of New York, the second largest bank in the world, will today launch its attack on the UK retail banking market with a savings and loans service of a type not yet available from the big British clearing banks.

The scheme, called Citibank Savings, will include a form of current account on which credit balances will attract interest at 13 per cent.

It is now clear that Citibank, the largest international retail bank in the world, is intent on rapidly expanding its UK retail business. It has considered several possible acquisitions in the UK market, including UDT, the finance house which is still receiving support from the clearers.

All the options so far considered have been rejected, and Citibank is now considering whether it should make an offer to purchase around 100 surplus branches of the big clearers.

The new UK service will be offered through seven branch offices of Citibank Trust, a finance house business. The branches involved in the pilot scheme are in Birmingham, Coventry, Hanley, Leicester, Nottingham, Wolverhampton and Worcester.

If the service proves successful it will be extended to Citibank Trust's 33 other offices throughout the UK.

The product range on offer includes three savings accounts, loan accounts ranging from personal loans to £100,000 mortgages, and something known as "the tandem account." This involves a single account for savings and borrowing. The customer pays in a regular amount and gets the right to borrow up to 30 times the amount of the subscription.

Citibank says the account is special because it gives customers the convenience of a cheque account with a guarantee card, a monthly subscription to aid budgeting, interest on credit balances and the automatic right to borrow—all in one account.

Citibank sees itself offering British consumers an entirely new choice in retail banking, in the sense that they will be able to get a comprehensive range of savings and loan products under one roof.

"The success of Citibank Savings will restructure the market in this country. From now on there will be clearing banks, building societies, and Citibank Savings," Mr. Barry Burkholder, managing director of Citibank Trust, said yesterday.

Citibank's plans have attracted keen interest from the clearing banks, which are themselves preparing new personal banking services. Other U.S. banks, including Bank of America, the largest bank in the world, and First National Bank of Boston, are also entering the UK market for personal banking services. They are attracted by the fact that the UK adult population is only 55 per cent banked.

Bank drops prime to 16%

BY IAN HARGREAVES IN NEW YORK

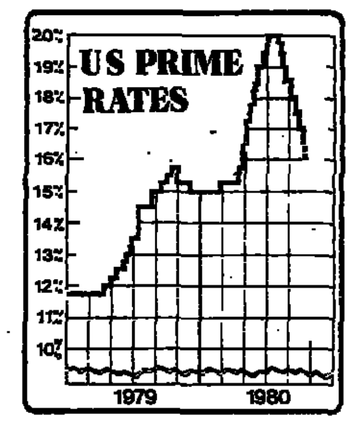
MORGAN GUARANTY, the New York Bank, yesterday lowered its prime lending rate by a half a point to 16 per cent in spite of continued uncertainty about the outlook for other short-term interest rates in the U.S.

The Morgan Guaranty move was followed by one medium-sized West Coast bank, leaving most large banks with a 16½ per cent prime and some still at 17 per cent. This compares with a mid-April peak of 20 per cent.

The uncertainty on interest rates was also reflected in a different context when Mr. William Miller, Treasury Secretary, said it was still too early to conclude that the U.S. economy was heading for a severe recession.

Mr. Miller, in a Press interview, suggested the sharp drop in economic activity in April could produce an L-shaped recession (a sharp drop followed by a plateau) rather than a V-shaped downturn.

Faced with increasing concern that the recession may be as severe as that which took place in 1973-75, Mr. Miller appealed to the financial markets and others not to be swayed by "transitory events" in predicting the most severe recession in the economy since World War II.



In spite of Mr. Miller's view, which has been echoed by Mr. Paul Volcker, chairman of the Federal Reserve, the Administration is tought certain to revise its official forecast of a 0.4 per cent drop in economic activity between the fourth quarter of last year to this year's fourth quarter in the July economic policy review.

Most Administration economists seem to be plumping for a 2 to 3 per cent downturn, from peak to trough, compared with 5.6 per cent in 1973-75.

Evidence of the downturn continued to amass yesterday, when the Commerce Department reported that personal income in April rose by a meagre 0.1 per cent, compared with a 0.7 per cent rise in March.

In the credit markets, trading was quiet as traders and investors assessed the climate for today's meeting of the Federal Open Market Committee, which determines the money-market policy of the Federal Reserve.

Wall Street economists who belong to the severe recession school of thought expect the Fed to ease credit-market conditions because the money supply is still, in spite of the big jump reported on Friday, declining rather than growing in line with the central bank's targets.

France and USSR still 'far apart'

BY CHRISTOPHER BOBINSKI IN WARSAW

FRANCE and the Soviet Union remained "far apart" in their approach to a political settlement to the Afghan crisis after five hours of talks between President Leonid Brezhnev, of the Soviet Union, and President Valery Giscard d'Estaing, of France. But M. Jacques Blot, the French spokesman at the talks, said the meeting, the first between any Western head of Government and the Soviet leader since the Soviet invasion of Afghanistan, "attained its objectives, which were to permit a frank and complete explanation at the highest level."

"The explanations given by each side revealed positions which were far apart and which remain far apart," he said. But he emphasised that Mr. Brezhnev had insisted several times on the Soviet Union's commitment to a political settlement. This was first spelled out in proposals from Kabul last Wednesday, and repeated at last week's Warsaw Pact gathering here. These proposals have, however, been met with scepticism by both Afghanistan's Moslem neighbours and by Western leaders.

At Warsaw's military airport, before leaving for Paris, President Giscard spoke of a frank and complete review of world developments since the Soviet invasion of Afghanistan.

At the five-hour meeting, which was hosted by Mr. Edward Gierek, the Polish leader, President Giscard proposed that a top-level conference of major countries be held next year to examine the causes of world tension. The proposal to hold such a meeting, limited to the leaders of major nations, runs counter to last week's Warsaw Pact initiative for a broader meeting of all countries in the near future.

The Afghan question evidently dominated the talks, which included a three-way session attended by the Polish leader

Editorial comment, Page 18

Continued from Page 1

Tensions high in Miami

bingo game. His trial began last week, with only one black serving on his jury.

These were among the surface instances that so enraged Miami's blacks. Yet there is also an economic factor in the city which may be unique in the U.S. — the perception that blacks were in the process of being relegated from the status of second class citizens to the third rank as a result of the influx into Miami of Hispanics, principally from Cuba.

Blacks complain frequently that employment opportunities are denied to them simply because they do not speak Spanish. In a poll last week in the Miami Herald more than half of the local black community viewed the latest Cuban immigration as having "largely negative impact" on their own existence.

This does not mean that black resentment against Latins constituted an overt reason for the weekend's riots. But many local blacks believe that the city's white hierarchy (which, it must be stressed, enjoys an enlightened reputation by the standards of other Florida cities) has focussed much more on the demands of Latins than themselves.

Now, the problem for Miami is to try and restore communications. But, as Mr. T. Willard Flair, black chairman of the Miami chapter of the Urban League, put it, "It is impossible to appeal to the senses at this point. How can you say to people to be rational when they have been treated in an irrational manner? Anybody going out there tonight would not be heard."

Continued from Page 1

Output

the final quarter of 1979.

Production by all industries other than oil and gas fell by 2.7 per cent in the quarter. Officials believe that 2 to 2.5 per cent of this drop may have been due to the steel strike.

Manufacturing industry output, particularly hard hit by high stock levels, weak demand and the strong pound, declined 3.5 per cent.

Manufacturing production, which has a weighting of about 70 per cent of the all-industries' index, is down to its lowest level since the end of 1975. The Government expects a decline of 4.5 per cent this year.

Sectors like metal and engineering which were directly affected by the steel strike were particularly depressed in March. Chemical, textile and furniture companies also cut production, indicating a fairly widely-based downturn in demand.

Weather

UK TODAY

SUNNY in east, showers spreading from west. Hot in the southeast, warm elsewhere.

London, E. and S.E. England, E. Anglia

Dry and sunny, light wind. Max. 23C (73F).

Channel Is., Central and N. England, E. Midlands, Borders, Edinburgh and Dundee areas

Sunny at first, showery later. Max. 20C (68F).

Elsewhere

Cloudy with sunny periods and some showers. Max. 18C (64F).

Outlook: Some early showers. Cooler.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	18	64	Lisbon	S	23	73
Algiers	F	18	64	Locarno	C	17	63
Amsdm.	S	23	73	London	S	23	73
Athens	C	19	66	Luxmbg.	C	18	64
Bahrain	S	33	91	Luxor	S	43	109
Barclna.	C	19	66	Madrid	F	19	66
Beirut	F	23	73	Majorca	F	22	72
Belfast	C	19	66	Malaga	C	18	64
Belgrd.	C	15	59	Malta	F	20	68
Berlin	C	21	70	Mchstr.	S	21	70
Biarritz	C	14	57	Melbne.	C	14	57
Bmghm	S	21	70	Milan	S	19	66
Blackp'l	S	17	63	M'ntreal	C	16	61
Bordx.	F	21	70	Moscow	C	14	57
Boulgn.	S	17	63	Munich	C	12	54
Bristol	S	21	70	Nairobi	C	18	64
Brussels	S	21	70	Naples	F	19	66
Budpst.	R	16	61	Nwcstl.	S	22	72
B. Aires	C	17	63	N. York	C	24	74
Cairo	S	34	93	Nice	C	17	63
Cardiff	S	19	66	Nicosia	F	21	70
Cape T.	C	18	64	Oporto	S	20	68
Casbca.	F	21	70	Oslo	S	19	66
Chicago	C	12	54	Paris	F	23	73
Cologne	F	22	72	Perth	S	21	70
Cpnhgn.	F	17	63	Prague	F	17	63
Corfu	R	14	57	Reykjvk.	C	10	50
Dublin	C	18	64	Rhodes	C	20	68
Dbrvnk.	S	24	75	Rio J'o	S	27	81
Ednbgh.	S	23	73	Rome	F	18	64
Faro	S	24	75	Salzb'rg	C	14	57
Florence	C	19	66	Smgapr.	S	32	90
Frankf't	S	20	68	Stckhm.	F	11	52
Funchal	C	18	64	Strasbg.	C	18	64
Geneva	F	16	61	Sydney	S	19	66
Gibrltr.	C	17	63	Tangier	F	22	72
Glasgow	S	21	70	Tehran	S	24	74
G'msey	S	16	61	Tel Aviv	C	23	73
Helsinki	C	5	41	Tenerife	C	18	64
H. Kong	S	26	78	Tokyo	C	21	69
Innsbr'k	C	15	59	Toronto	S	19	66
Invrnss	F	20	68	Tunis	R	15	59
I.o.Man	F	14	57	Valencia	F	21	70
Istanbul	C	23	73	Venice	S	19	66
Jersey	S	18	64	Vienna	F	16	61
Jo'hurg	S	18	64	Warsaw	F	18	64
L. Plms	F	22	72	Zurich	F	15	59

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Inmos stake 'worth £18m in 1984'

BY GUY DE JONQUIERES

SHARES in Inmos held by its three top directors could be worth £18m by 1984 if the company performs according to their projections.

This was disclosed yesterday by Dr. Richard Petritz, one of the founders of the microchip manufacturing project, at a hearing of the Commons all-party committee on information technology.

The committee was also told by Mr. Ian Haliday, chief executive of the National Enterprise Board, that the General Electric Company was still discussing with the board the possibility of taking a stake in Inmos.

This contrasts with recent widespread indications that GEC had lost interest in the idea.

As recently as last weekend, the NEB, which at present owns the majority of Inmos shares, was planning to tell the Industry Ministry that GEC had no interest in continuing the discussions.

Outlining Inmos's medium-term plans publicly for the first time, Dr. Petritz forecast it would have an annual revenue of £146m and fixed assets worth £75m by 1984.

If these objectives were met, he said, the 900,000 Inmos shares purchased by the three founders at 5p per share would be worth a total of £18m. The value of the NEB's holding would be £37m.

But to realise the value of these investments, the three founders would have to convert their initial shares through a complicated mechanism which would apparently require prior approval of the NEB.

Dr. Petritz was adamant that, despite continuing delays in the Government's decision whether to approve a further £25m in funding for Inmos, the project stood an excellent chance of success.

As a relatively small and agile newcomer to hte semi-conductor field, it could out-perform some of its bigger established competitors in technological innovation.

"There has never been a better time to start a new company," he said. Similar ventures have not been started in the U.S. recently because the American capital markets would not provide the money required.

Dr. Petritz insisted that Inmos' UK factory must be sited in Bristol, because an attractive site was needed to attract the "super stars" he expected to form the nucleus of the company's staff.

A number of senior Ministers believe the factory should be located in an economically depressed region, and have suggested that this should be made a condition of the Government's approval of Inmos' request for the £25m.

Dr. Petritz said that Inmos would not need more than £50m in Government funding, and forecast that after 1983 the company could raise for itself any additional financing needed.

THE LEX COLUMN

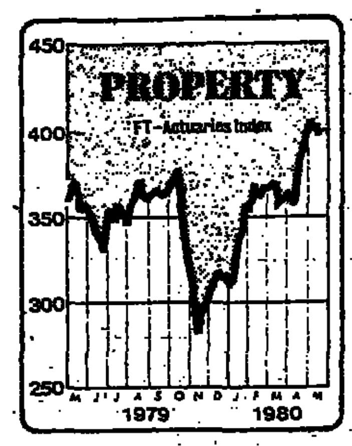
Land Securities revalues

The 25 per cent interim revaluation of Land Securities' property was rather more than the market had expected, given the portfolio's concentration on offices, which have performed less well than retail and industrial property over the last year. With the revaluation suggesting net asset backing of about 490p a share, fully diluted, the market price moved up 12p yesterday to an all-time high of 342p. However, the property sector as a whole did not quite manage to ignite and the index moved up only 0.2 per cent.

Of the £11.8m increase in pre-tax profits to £38.1m, nearly £2m can be attributed to reduced interest charges as holders of the 5¾ per cent and 6¼ per cent convertible loan stocks decided to convert on income grounds. Less than 10 per cent of these two stocks is now outstanding. With additions to the portfolio over the year running at £26.4m, the company's £7.7m estimate for extra net income arising from reversions looks anything up to £1m on the conservative side.

The key uncertainty facing the property sector is the character of the recession. Certainly Land Securities is treating it with respect, with net debt falling from 27 to 21 pe rcent of fully-diluted equity over the year once the revaluation is taken into account. The cost of drawing in horns can be counted on the tax front, where the effective rate moved up from 37 to 42 per cent—equivalent to nearly £2m in lost cash. The company should make £43m pre-tax next year without too much difficulty; the yield is 3.3 per cent.

Index fell 1.9 to 433.8



Investigations

With one or two qualifications, the changes planned by the Government in the company investigation system are welcome. UK companies are relatively free from close statutory control, which is satisfactory only for so long as statutory machinery is available for investigating and punishing wrongdoers quickly and effectively. But there has been too little urgency about the investigation process in recent times. Department of Trade inspectors have often taken years to complete their task.

Now they will normally be expected to finish the job within 12 months of their appointment. They will certainly be helped in this by the fact that the Department is going to be more specific in the future about the particular matters it wants them to look into.

In addition, the Department is publishing a handbook about the workings of the system, and the guidelines which inspectors are asked to follow. This should help to promote public confidence in what is essentially an inquisitorial rather than a judicial system of inquiry.

Inspectors have been criticised for being too willing to pass judgment on the characters of everyone involved in a particular case. The handbook makes it clear that their job is simply to ascertain and explain the facts in a fair and reasonable manner. In an inquisition, lawyers should be kept as far in the background as possible. So it is important that inspectors should not make witnesses feel that they are being persecuted unreasonably.

Yet although investigations are going to be conducted more swiftly in future, that will not in itself make them more effective. The Department needs to be snappier, too, both in making the decision to appoint inspectors and in publishing their completed work. The hope is that reports will be published within three months of completion in future. But where there is a possibility of prosecution being involved, reports can and do go into a state of suspended animation. The next priority must be to find more satisfactory ways of using evidence produced by the inspectors to convict wrongdoers.

Nimslo

Two years ago Dr. Jerry C. Nims extracted £3m from British investment institutions for the improbable purpose of financing the development of a 3-D photographic system. Now he is back to tap the UK fund managers for another £7.1m needed to bring his camera to the market next year. And he is not one for small-time projections. The lure he is dangling before the investors is that pre-tax profits in 1982 could reach $20m, in which these British backers would have a 30 per cent stake. By 1985, based upon the views of various consultants "independently synthesised" wtih the help of Booz, Allen and Hamilton, these profits could rise to $98m. Of course, investors will also be well aware that the project could alternatively be a resounding flop.

It is the sheer complexity of the Nimslo corporate structure that is the striking aspect. Just as a Nimslo camera needs four lenses, hte group has four companies. Baring Brothers and Carr Sebag have placed equity and loan stock in an entirely new company called Nimslo European Holdings, into which UK holders of the British company Nimslo Ltd. are also being merged. NEH will own 30 per cent of Nimslo Ltd., and to give it a bit more substance it is also being injected with 30 per cent of the U.S. rights to the Nimslo system through a new U.S. vehicle called Nimslo Corporation. At the top of the pile remains Dr. Nims' own company Nimslo Technology Inc.

Tax problems are said to lie behind this structure. At the same time, anincidental benefit for Dr. Nims could be that there is no dilution of ownership, and indeed NTI will now control 70 rather than 60 per cent of the project even though substantial external finance has been injected. True, NTI has chipped in with the U.S. rights. It is keeping the rights to certain other territories, notably Japan, for an option on 30 per cent of which NEH finds it worth paying £850,000 in cash.

Output

The industrial production figures for March do at last give tenuous evidence of a developing recession, once allowance has been made for the effects of the steel strike, which began to hit engineering output during the month. But this mild decline — the first quarter as a whole showed an underlying fall of less than one per cent over average 1979 levels—fades into insignificance beside the recent experience in the U.S.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.
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